

TOWN OF HARWINTON
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF HARWINTON
TABLE OF CONTENTS
JUNE 30, 2021

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Funds Balance Sheet To the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	17
Statement of Net Position – Proprietary Fund	18
Statement of Revenues, Expenditures, and Changes in Net Position Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Position – Fiduciary Funds	21
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	22
Notes to Basic Financial Statements	23-42
Required Supplementary Information	
Schedule of Changes in the Net Pension Liability and Related ratios	43
Schedule of Contributions	44
Schedule of Investment Returns	45
Supplemental and Combining Individual Fund Nonmajor Fund Statements and Schedules	
General Fund:	
Schedule of Revenues and Other Financing Sources - Budget and Actual - Budgetary Basis	46
Schedule of Expenditures and Other Financing Uses - Budget and Actual - Budgetary Basis	47-49

TOWN OF HARWINTON
TABLE OF CONTENTS
JUNE 30, 2021

Nonmajor Governmental Funds:

Combining Balance Sheet	50-51
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	52-53

Fiduciary Funds:

Combining Statement of Net Position	54
Combining Statement of Revenues, Expenses, and Changes in Net Position	55

Custodial Funds:

Combining Statement of Net Position	56
Combining Statement of Revenues, Expenses, and Changes in Net Position	57

Other Schedules:

Schedule of Debt Limitation	58
Report of the Tax Collector	59
Report of the Tax Collector for Sewer Usage fees	60

State Single Audit Reports

State Internal Control and Compliance Reports

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 <i>Government Auditing Standards</i>	61-62
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 in Accordance with the State Single Audit Act	63-64
Schedule of Expenditures of State Financial Assistance	65
Notes to Schedule of Expenditures of State Financial Assistance	66
Schedule of State Findings and Questioned Costs	67



Independent Auditors' Report

To the Board of Directors
Town of Harwinton, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Harwinton, Connecticut (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2021, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3-10, the Schedule of Changes in Net Pension Liability and Related Ratios on page 43, the Schedule of Contributions to the Defined Benefit Pension Plan on page 43, and the Schedule of Investment returns on page 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The General Fund budgetary comparison detail schedules, and the combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund budgetary comparison detail schedules, and the combining and individual nonmajor fund financial statements and 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 Governmental Auditing Standards, we have also issued our report dated December 28, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.



Sinnamon & Associates, LLC
Certified Public Accountants

December 28, 2021
Canaan Connecticut

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The Management Discussion and Analysis (MD&A) offers the readers of the Town of Harwinton (the "Town") financial statements a narrative overview and analysis of the financial activities of the Town for the fiscal year ending June 30, 2021. The information presented here should be considered in conjunction with the Town's basic financial statements that follow this section. Wherever possible, reference to the financial statements is provided.

FINANCIAL HIGHLIGHTS

On a government-wide basis the Town's assets of \$26,207,724 exceeded its liabilities at June 30, 2021, resulting in a total net position of \$25,359,893. Unrestricted net position was \$25,359,893 and was available to meet ongoing government obligations. Of that amount \$24,755,722 is related to governmental activities, which include the General Fund.

The Town's governmental funds, reported on a current financial resource's basis, combined ending fund balance is \$7,160,401, an increase of \$523,368 for the year. The General Fund operating increase for the year was \$209,518 vs. an adjusted budgeted decrease of \$170,161. The General Fund balance was \$3,369,646, of which \$14,715 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$3,354,931 or 16.86 % of the subsequent year's General Fund expenditures and transfers.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (government 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 government activities of the Town include general government, public safety, public works, and recreation.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

The government-wide financial statements can be found on pages 11 -12 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 special activities or objectives. The Town, 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 can be divided into two categories: governmental 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, that is the Town's most basic services. Unlike the government-wide financial statements, however, the funds focus on (1) cash and other financial resources that can be readily converted to cash flow in and out and (2) balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a near or short-term view of the Town's finances that 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 government's near-term decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains individual government 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 and the capital reserve fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its general funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 13 - 17 of this report.

Proprietary Funds

The proprietary fund is the Sewer and Water Commission

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The funds are combined into single, aggregated presentation in the proprietary fund financial statements.

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

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

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's own programs.

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

Notes to the Financial Statements.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and financial fund statements. The notes to the financial statements can be found on pages 23 - 42 of this report.

Other Information.

The required supplementary information for the Town's Pension liability can be found on pages 43-45 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following notes to the financial statements. Combining and individual fund statements and other schedules can be found on pages 46-60 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 and an important determinant of its ability to finance services in the future. In the case of the Town, assets exceeded liabilities by \$25,359,893. At the close of the most recent fiscal year.

By far the largest portion of the Town's assets is its investment in capital assets (e.g., land, buildings, machinery, and equipment). It is presented in the statement of net position less any related debt used to acquire those assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets, net of accumulated depreciation, is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Town's net position increased by \$980,477 during the current fiscal year.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

NET POSITION - June 30, 2021 and June 30, 2020

A comparative detail of net position for the last two fiscal years is as follows:

A portion of the Town's Net Position represents net position restricted for library purposes. The balance of Unrestricted Net Position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position for the government as a whole.

	6/30/2021 Net Position			6/30/2020 Net Position		
	Governmental Activities	Business -Type Activities	Total	Governmental Activities	Business -Type Activities	Total
ASSETS						
Current and Other Assets	\$ 8,802,456	\$ 611,574	\$ 9,414,030	\$ 7,318,288	\$ 737,287	\$ 8,055,575
Capital Assets	17,276,502	-	17,276,502	17,579,070	-	17,579,070
TOTAL ASSETS	26,078,958	611,574	26,690,532	24,897,358	737,287	25,634,645
LIABILITIES						
Current Liabilities	1,266,582	7,403	1,273,985	625,096	879	625,975
Non Current Liabilities	56,654	-	56,654	545,896	-	545,896
TOTAL LIABILITIES	1,323,236	7,403	1,330,639	1,170,992	879	1,171,871
NET POSITION						
Net Investment in Capital Assets	17,276,502	-	17,276,502	17,579,070	-	17,579,070
Restricted	426	-	426	1,159	-	1,159
Unrestricted	7,478,794	604,171	8,082,965	6,146,137	653,050	6,799,187
TOTAL NET POSITION	\$ 24,755,722	\$ 604,171	\$ 25,359,893	\$ 23,726,366	\$ 653,050	\$ 24,379,416

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CHANGES IN NET POSITION - June 30, 2021 and June 30, 2020

A comparative detail of changes in net position for the last two fiscal years is as follows:

	June 30, 2021			June 30, 2020		
	Changes in Net Position			Changes in Net Position		
	Governmental	Business -Type		Governmental	Business -Type	
	Activities	Activities	Total	Activities	Activities	Total
Revenues:						
Program Revenues:						
Charges for Services	\$ 372,604	\$ 66,007	\$ 438,611	\$ 336,936	\$ 63,812	\$ 400,748
Operating grants and contributions	2,713,302	-	2,713,302	2,742,802	-	2,742,802
Capital grants and contributions	243,425	-	243,425	709,105	-	709,105
General Revenues:	-	-	-	-	-	-
Property Taxes	16,354,989	-	16,354,989	16,280,286	-	16,280,286
Grants & contributions, unrestricted	116,254	-	116,254	92,204	-	92,204
Investment Income	14,944	-	14,944	93,670	-	93,670
Other Revenues	73,777	7,561	81,338	69,553	11,925	81,478
Total Revenues	19,889,295	73,568	19,962,863	20,324,556	75,737	20,400,293
Expenses						
General Government	\$ 1,537,511	\$ -	1,537,511	\$ 2,408,379	\$ -	2,408,379
Public Safety	1,018,017	-	1,018,017	959,082	-	959,082
Public Works	2,410,467	-	2,410,467	2,154,122	-	2,154,122
Health Department	228,863	-	228,863	200,128	-	200,128
Miscellaneous	21,997	-	21,997	51,100	-	51,100
Education	13,643,084	-	13,643,084	13,643,626	-	13,643,626
Sewer and Water Commission	-	122,447	122,447	-	29,098	29,098
Transfer	-	-	-	-	-	-
Total Expenses	18,859,939	122,447	18,982,386	19,416,437	29,098	19,445,535
Change in Net Position	1,029,356	(48,879)	980,477	908,119	46,639	954,758
Net Position, beginning	23,726,366	653,050	24,379,416	22,818,247	606,411	23,424,658
Net Position, ending	\$ 24,755,722	\$ 604,171	\$ 25,359,893	\$ 23,726,366	\$ 653,050	\$ 24,379,416

Governmental Activities.

Approximately 82% of the revenues were derived from property taxes, followed by 15% from operating and capital grants, 1.9% from service charges, and 1.1% from grants and investment earnings. Detailed revenue information can be found on page 51.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 72% of the Town's expenses relate to education, 13% relate to public works, 8% for general government and 7% for all other activities.

FINANCIAL ANALYSIS OF THE FUND FINANCIAL STATEMENTS

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

Governmental Funds.

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the General Fund total fund balance was \$3,369,646. Of this total fund balance, \$14,715 is assigned and committed. The remaining balance of \$3,354,931 is unassigned.

The fund balance of the Town's General Fund increased by \$209,518 during the current fiscal year, compared to an expected decrease of \$170,161.

The Capital Project Fund had a balance of \$3,462,454, of which is committed to various capital project activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, revenues were more than budgetary estimates by \$127,462 and expenditures were less than budgetary estimates by \$252,217. The fund balance of the Town's General Fund increased by \$209,518.

The original budget deficit was \$160,000. There were additional appropriations approved during the year of \$10,161 by the board of finance and town meeting where required.

Roll forward transfers from capital expense budget lines not fully expended at June 30, 2021 were \$298,725 and have been shown as expended on a budgetary basis in this report and as a transfer to the Capital Projects Fund on the Governmental Fund Statements

A detailed schedule of revenues and expenditures, budget and actual, can be found on 46-49 of this report.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The town's investment in capital assets (net of accumulated depreciation) for its governmental fund as of June 30, 2021 amounted to \$17,579,070. This investment in capital assets included land, buildings and system improvements, infrastructure, and machinery and equipment.

CAPITAL ASSETS, Net of Depreciation
June 30, 2021 and June 30, 2019

	<u>2021</u>	<u>2020</u>
Land	\$ 2,517,675	\$ 2,517,675
Construction in progress	1,066,755	1,232,830
Buildings and improvements	4,021,887	4,083,035
Infrastructure	6,129,322	6,160,222
Land improvements	2,161,008	2,213,715
Machinery and equipment	<u>1,379,855</u>	<u>1,371,593</u>
Total	<u>\$ 17,276,502</u>	<u>\$ 17,579,070</u>

Long-Term Debt

At the end of the current fiscal year, the Town had no outstanding bond or long-term borrowing. The Town's total outstanding debt of \$56,654 related to governmental activities as follows.

	<u>2021</u>	<u>2020</u>
Compensated absences	\$ 56,654	\$ 86,107
Net pension liability	<u>-</u>	<u>459,789</u>
Total	<u>\$ 56,654</u>	<u>\$ 545,896</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.0 times its total prior year tax collections. The current statutory debt limitation for the Town is \$113,832,635 which is significantly more than the Town's outstanding general obligation debt.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

The management of the Town of Harwinton considered the following in preparation of the 2021/2021 budget:

- The State of Connecticut's budget and projected cuts to municipalities
- Projected Town needs as estimated in the 5-year capital improvement plan
- The Mill rate for 2021-2022 was adjusted from 28.0 to 28.7
- The received the first installment of the American Rescue Plan Act of 2021 grants totaling \$802,362 in June 2021. These fund have been set aside in a separate fund for tracking and reporting of expenses. No funds were expended as of June 30, 2021.

Significant Events

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 10, 2020, Governor Ned Lamont declared a public health and civil preparedness emergency throughout the State, pursuant to Sections 19a-131a and 28-9 of the Connecticut General Statutes.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity and future results of operations. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Town has been actively involved in assisting the community with implementing COVID related safety guidelines and requirements.

All of the above factors were considered in preparing the Town's budget for the 2021-2022 fiscal year.

Requests for Information

This financial report is designed to provide a general overview for those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the First Selectman's office, Town of Harwinton, 100 Bentley Drive, Harwinton, CT 06791.

TOWN OF HARWINTON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 8,266,686	\$ 128,016	\$ 8,394,702
Investments	118,195	482,808	601,003
Property taxes and fees receivable	133,753	750	134,503
Net pension asset	283,822	-	283,822
Capital assets not being depreciated	3,584,430	-	3,584,430
Capital assets, net of accumulated depreciation	13,692,072	-	13,692,072
<u>Total assets</u>	<u>26,078,958</u>	<u>611,574</u>	<u>26,690,532</u>
<u>Liabilities</u>			
Accounts payable	406,766	7,403	414,169
Accrued expenses	57,790	-	57,790
Unearned revenue	802,026	-	802,026
Noncurrent liabilities			-
Due within one year	-	-	-
Due in more than one year	56,654	-	56,654
<u>Total liabilities</u>	<u>1,323,236</u>	<u>7,403</u>	<u>1,330,639</u>
<u>Net position</u>			
Net Investment in capital assets	17,276,502	-	17,276,502
Restricted	426	-	426
Unrestricted	7,478,794	604,171	8,082,965
<u>Total net position</u>	<u>\$ 24,755,722</u>	<u>\$ 604,171</u>	<u>\$ 25,359,893</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<u>Governmental activities</u>							
General government	\$ (1,537,511)	\$ 347,145	\$ 3,140	\$ -	\$ (1,187,226)	\$ -	\$ (1,187,226)
Public safety	(1,018,017)	25,459	52,901	-	(939,657)	-	(939,657)
Public works	(2,410,467)	-	227,211	-	(2,183,256)	-	(2,183,256)
Conservation of health	(228,863)	-	-	-	(228,863)	-	(228,863)
Education	(13,643,084)	-	2,430,050	-	(11,213,034)	-	(11,213,034)
Other	(8,790)	-	-	-	(8,790)	-	(8,790)
Capital outlay	(13,207)	-	-	243,425	230,218	-	230,218
<u>Total governmental activities</u>	<u>(18,859,939)</u>	<u>372,604</u>	<u>2,713,302</u>	<u>243,425</u>	<u>(15,530,608)</u>	<u>-</u>	<u>(15,530,608)</u>
<u>Business Type Activities</u>							
Sewer fund	(122,447)	66,007	-	-	-	(56,440)	(56,440)
<u>Total Primary Government</u>	<u>\$ (18,982,386)</u>	<u>\$ 438,611</u>	<u>\$ 2,713,302</u>	<u>\$ 243,425</u>	<u>\$ (15,530,608)</u>	<u>\$ (56,440)</u>	<u>\$ (15,587,048)</u>
<u>General revenues:</u>							
Property taxes					16,354,989	-	16,354,989
Grants and contributions not restricted to specific programs					116,254	-	116,254
Unrestricted investment income					14,944	7,561	22,505
Other revenue					73,777	-	73,777
<u>Total general revenues</u>					<u>16,559,964</u>	<u>7,561</u>	<u>16,567,525</u>
<u>Change in net position</u>					1,029,356	(48,879)	980,477
<u>Net position beginning of year</u>					23,726,366	653,050	24,379,416
<u>Net position end of year</u>					<u>\$ 24,755,722</u>	<u>\$ 604,171</u>	<u>\$ 25,359,893</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Projects Fund	ARPA Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 4,026,052	\$ 4,015,941	\$ -	\$ 224,693	\$ 8,266,686
Investments	-	-	-	118,195	118,195
Property taxes receivable	133,753			-	133,753
Due from other funds	6,283	298,725	802,026	1,374	1,108,408
Due from other governments	-	-	-	-	-
<u>Total assets</u>	<u>4,166,088</u>	<u>4,314,666</u>	<u>802,026</u>	<u>344,262</u>	<u>9,627,042</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 4,166,088</u>	<u>\$ 4,314,666</u>	<u>\$ 802,026</u>	<u>\$ 344,262</u>	<u>\$ 9,627,042</u>
<u>Liabilities</u>					
Accounts payable	\$ 348,276	\$ 46,850		\$ 11,640	\$ 406,766
Due to other funds	298,725	805,362	-	4,321	1,108,408
Unearned revenue			802,026	-	802,026
Accrued expenses	57,790	-	-	-	57,790
<u>Total Liabilities</u>	<u>704,791</u>	<u>852,212</u>	<u>802,026</u>	<u>15,961</u>	<u>2,374,990</u>
<u>Deferred Inflows of Resources:</u>					
Unavailable Revenue - property taxes	91,651	-	-	-	91,651
<u>Total Deferred Inflows of Resources</u>	<u>91,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,651</u>
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	426	426
Committed	14,715	3,462,454	-	327,875	3,805,044
Assigned	-	-	-	-	-
Unassigned	3,354,931	-	-	-	3,354,931
<u>Total Fund Balances</u>	<u>3,369,646</u>	<u>3,462,454</u>	<u>-</u>	<u>328,301</u>	<u>7,160,401</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 4,166,088</u>	<u>\$ 4,314,666</u>	<u>\$ 802,026</u>	<u>\$ 344,262</u>	<u>\$ 9,627,042</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
NET POSITION
JUNE 30, 2021

<u>Total fund balances for governmental funds</u>	\$ 7,160,401
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Total net position reported for governmental activities in the statement of net assets is different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds	17,276,502
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds

Property tax and receivables greater than 60 days	91,651
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Net pension asset	283,822
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds

Compensated absences	(56,654)
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<u>Net position of governmental activities</u>	<u>\$ 24,755,722</u>
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The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Projects Fund	ARPA Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property taxes	\$ 16,261,059	\$ -	\$ -	\$ -	\$ 16,261,059
Interest and lien fees	52,566	-	-	-	52,566
Intergovernmental	2,779,387	243,425	-	56,041	3,078,853
Charges for services	344,115	-	-	28,489	372,604
Investment income	7,928	5,882	-	1,134	14,944
Miscellaneous	18,692	10,072	-	45,013	73,777
<u>Total revenues</u>	<u>19,463,747</u>	<u>259,379</u>	<u>-</u>	<u>130,677</u>	<u>19,853,803</u>
<u>Expenditures:</u>					
General government	2,112,648	-	-	51,656	2,164,304
Public safety	888,501	-	-	95,964	984,465
Public works	1,868,460	-	-	-	1,868,460
Conservation of health	228,863	-	-	-	228,863
Education	13,643,084	-	-	-	13,643,084
Other	8,790	-	-	-	8,790
Capital outlay	144,978	287,491	-	-	432,469
<u>Total Expenditures:</u>	<u>18,895,324</u>	<u>287,491</u>	<u>-</u>	<u>147,620</u>	<u>19,330,435</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>568,423</u>	<u>(28,112)</u>	<u>-</u>	<u>(16,943)</u>	<u>523,368</u>
<u>Other financing sources (uses):</u>					
Transfers In	189,442	551,830	-	-	741,272
Transfers Out	(548,347)	(189,442)	-	(3,483)	(741,272)
<u>Total other financing sources (uses):</u>	<u>(358,905)</u>	<u>362,388</u>	<u>-</u>	<u>(3,483)</u>	<u>-</u>
<u>Net change in fund balances</u>	<u>209,518</u>	<u>334,276</u>	<u>-</u>	<u>(20,426)</u>	<u>523,368</u>
<u>Fund balances beginning of year</u>	<u>3,160,128</u>	<u>3,128,178</u>	<u>-</u>	<u>348,727</u>	<u>6,637,033</u>
<u>Fund balances end of year</u>	<u>\$ 3,369,646</u>	<u>\$ 3,462,454</u>	<u>\$ -</u>	<u>\$ 328,301</u>	<u>\$ 7,160,401</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2021

<u>Net change in fund balances - total governmental funds</u>	\$ 523,368
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Total change in net position reported for governmental activities in the statement of activities is different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation differed from capital outlays in the current period is as follows:

Depreciation expense	(721,830)
Capital outlay	419,262

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

Property tax	35,492
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in compensated absences	29,453
Change in net pension asset/liability	743,611

<u>Change in net position of governmental activities</u>	<u>\$ 1,029,356</u>
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The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<u>Revenues:</u>					
Property taxes	\$ 16,387,605	\$ -	\$ 16,387,605	\$ 16,290,501	\$ (97,104)
Interest and lien fees	60,000	-	60,000	52,566	(7,434)
Intergovernmental	2,676,122	-	2,676,122	2,779,387	103,265
Charges for services	216,000	-	216,000	344,115	128,115
Investment income	20,000	-	20,000	7,928	(12,072)
Miscellaneous	6,000	-	6,000	18,692	12,692
<u>Total revenues</u>	<u>19,365,727</u>	<u>-</u>	<u>19,365,727</u>	<u>19,493,189</u>	<u>127,462</u>
<u>Expenditures:</u>					
General government	2,242,399	5,125	2,247,524	2,112,648	134,876
Public safety	911,377	-	911,377	888,501	22,876
Public works	1,958,965	-	1,958,965	1,868,460	90,505
Conservation of health	226,327	5,036	231,363	228,863	2,500
Education	13,643,084	-	13,643,084	13,643,084	-
Other	10,250	-	10,250	8,790	1,460
Capital outlay	533,325	-	533,325	533,325	-
<u>Total expenditures</u>	<u>19,525,727</u>	<u>10,161</u>	<u>19,535,888</u>	<u>19,283,671</u>	<u>252,217</u>
<u>Net change in fund balance</u>	<u>\$ (160,000)</u>	<u>\$ (10,161)</u>	<u>\$ (170,161)</u>	209,518	<u>\$ 379,679</u>
<u>Fund balance - beginning of year</u>				3,160,128	
<u>Fund balance - end of year</u>				<u>\$ 3,369,646</u>	

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021

	Business Type Activities Sewer Usage
<u>Assets</u>	
Cash and cash equivalents	\$ 128,016
Investments	482,808
Usage fees receivable	<u>750</u>
<u>Total assets</u>	<u>611,574</u>
<u>Liabilities</u>	
Accounts payable	<u>7,403</u>
<u>Total liabilities</u>	<u>7,403</u>
<u>Net position</u>	
Unrestricted	<u>604,171</u>
<u>Total net position</u>	<u>\$ 604,171</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	Business Type Activities Sewer Usage
<u>Operating revenue</u>	
Charges for services:	
Sewer usage and lien fees	\$ 64,957
Sewer permit and connection fees	1,050
	<hr/>
<u>Total operating revenues</u>	66,007
	<hr/>
<u>Operating expenses</u>	
Operations and maintenance	122,447
	<hr/>
<u>Total operating expenses</u>	122,447
	<hr/>
<u>Operating Income</u>	(56,440)
	<hr/>
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	7,561
	<hr/>
<u>Total Non-Operating Revenues (Expenses)</u>	7,561
	<hr/>
<u>Change in net position</u>	(48,879)
	<hr/>
<u>Net Position, Beginning</u>	653,050
	<hr/>
<u>Net Position, Ending</u>	\$ 604,171
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business Type Activities Sewer Usage</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 65,257
Cash Payments to Suppliers	<u>(115,923)</u>
<u>Net Cash Provided by Operating Activities</u>	<u>(50,666)</u>
 <u>Cash Flows From Investing Activities</u>	
Interest income	7,561
Proceeds from sale of investments	<u>-</u>
<u>Net Cash Provided by Investing Activities</u>	<u>-</u>
 <u>Net Increase (Decrease) in Cash</u>	(50,666)
 <u>Cash, Beginning of Year</u>	<u>178,682</u>
 <u>Cash, End of Year</u>	<u><u>\$ 128,016</u></u>
 <u>Reconciliation of Operating Income to</u> <u>Net Cash Provided by Operating Activities</u>	
Operating Income (Loss)	\$ (56,440)
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities	
Changes in assets and liabilities	
Usage fees receivable	(750)
Accounts payable	<u>6,524</u>
<u>Net Cash Provided by Operating Activities</u>	<u><u>\$ (50,666)</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF NET FIDUCIARY POSITION
JUNE 30, 2021

	Pension Trust Funds	Private Purpose Trust Funds	Custodial Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 137,945	\$ 116,913	\$ 3,230	\$ 258,088
Investments	2,441,285	-	-	2,441,285
<u>Total assets</u>	<u>2,579,230</u>	<u>116,913</u>	<u>3,230</u>	<u>2,699,373</u>
<u>Liabilities</u>				
Accounts payable	-	-	-	-
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net position</u>				
Restricted for pension benefits	2,579,230	-	-	2,579,230
Restricted for individuals and organizations	-	116,913	3,230	120,143
<u>Total net position</u>	<u>2,579,230</u>	<u>116,913</u>	<u>3,230</u>	<u>2,699,373</u>
<u>Total liabilities and net position</u>	<u>\$ 2,579,230</u>	<u>\$ 116,913</u>	<u>\$ 3,230</u>	<u>\$ 2,699,373</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2021

	Pension Trust Fund	Private Purpose Trust Funds	Custodial Funds	Total
<u>Additions</u>				
Employer contributions	\$ 174,700	\$ -	\$ -	\$ 174,700
Employee contributions	18,715	-	-	18,715
Donations and other	-	3,350	8,334	11,684
Investment income	899,277	57	-	899,334
<u>Total additions</u>	<u>1,092,692</u>	<u>3,407</u>	<u>8,334</u>	<u>1,104,433</u>
<u>Deductions</u>				
Benefits paid	2,249,785	-	-	2,249,785
Plan administration	7,486	-	-	7,486
Community assistance	-	6,784	10,365	17,149
<u>Total deductions</u>	<u>2,257,271</u>	<u>6,784</u>	<u>10,365</u>	<u>2,274,420</u>
<u>Change in net position</u>	<u>(1,164,579)</u>	<u>(3,377)</u>	<u>(2,031)</u>	<u>(1,169,987)</u>
<u>Net position beginning of year</u>	<u>3,743,809</u>	<u>120,290</u>	<u>5,261</u>	<u>3,869,360</u>
<u>Net position end of year</u>	<u>\$ 2,579,230</u>	<u>\$ 116,913</u>	<u>\$ 3,230</u>	<u>\$ 2,699,373</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

The Town of Harwinton, Connecticut (the “Town”) is a municipal corporation organized under State Statutes. The form of government includes an elected Board of Selectmen and an elected Board of Finance. The Town provides the following services: general government services, public safety, public works, public health and welfare, culture, recreation, and sewer utilities. Education services are provided by Regional School District #10, of which the towns of Harwinton, and Burlington are members. Town appropriations to the district are determined by a separate taxpayer approved budget and the percentage of Harwinton residents attending the district’s schools.

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

The accounting and reporting policies of the Town relating to the funds included in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. The more significant accounting policies of the Town are described below.

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 (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit’s reporting entity for basic 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. Based upon the foregoing criteria, the following organization is not considered part of the Town and is excluded from the accompanying financial statements:

Wintergreen Senior Housing
Regional School District #10
Harwinton Volunteer Fire Department

The Towns of Harwinton and Burlington are members of Regional School District #10 and pay annual assessments to the District. The District issues its own debt and has separately available financial statements which can be obtained from the District.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Government-Wide 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 effects of interfund activity have been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely 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 requirement of a particular function or segment. Taxes and other items not identified as program revenues are reported as general revenues.

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

The various funds included in the financial statements are described below:

Governmental Funds are those through which most governmental functions typically are financed. The governmental funds are as follows:

General Fund- the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for services, and earnings on investments.

Capital Project Funds - account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds for assets that will be held in trust for individuals, private organizations, or other governments.

Special Revenue Funds - account for revenue derived from specific sources other than capital projects that are restricted or committed by legal and regulatory provisions to finance specific activities.

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The proprietary funds are as follows:

Sewer and Water Commission Enterprise Fund – is used to account for the operations for the Sewer and Water Commission, which oversees the water and sewer services

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 statements. The fiduciary funds are as follows:

Pension Trust Fund - is used to account for the activities of the Town's pension plan which accumulates resources for pension benefit payments to qualified employees.

Private-Purpose Trust Funds – are used to account for resources legally held in trust for the benefit of individuals, private organizations, or other governments.

Custodial Funds are used to account for monies held as a custodian for outside groups and agencies.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes when levied, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government or specifically identified.

Property taxes, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the Town or specifically identified.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the funds include the cost of operations and maintenance, provision for doubtful accounts, and depreciations on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Town reports the following major governmental funds:

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

Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Most of the capital outlays are financed by appropriations from the General Fund or the issuance of general obligation bonds.

ARPA Fund is a separate fund created to account for the utilization of this federal grant received for COVID relief.

Additionally, the Town reports the following major proprietary fund:

Sewer Enterprise Fund – is used to account for the operations for the Sewer and Water Commission, which oversees the water and sewer services

Use of 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, deferred inflows/outflows, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the fiscal year. Actual results could differ from those estimates.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Cash and Cash Equivalents

The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have original maturities of three months or less.

Receivables and Payables

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 property taxes in the amount of \$5,000. The Town's property taxes are levied each July 1 on the assessed value listed on the prior October 1 Grand List for all taxable property located in the Town. Taxes are due and payable in two installments on July 1 and January 1 for real property and personal property, and on July 1 for motor vehicles. Additional property taxes are assessed for motor vehicles registered subsequent to the Grand List date through September 30 and are payable in one installment due January 1.

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 interest in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, 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. The pension and other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

Interfund Transactions

The following is a description of the three basic types of interfund transactions and the related accounting policies:

Transactions to reimburse a fund for expenditures made by it or for the benefit of another fund are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

Transactions to shift revenues or contributions from the fund budgeted to receive them to the fund budgeted to expend them are recorded as transfers in and out.

Transactions to record equity contributions between funds are recorded in a manner such that the receiving fund records a transfer in as an addition to fund balance. The disbursing fund records the transaction as a transfer out and a reduction of fund balance.

Capital Assets

Capital assets, which include equipment, fixtures, and other long-lived assets, are reported in the

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 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 acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Infrastructure	40-50
Vehicles	3-12
Equipment	5-20

Compensated Absences

Employees accrue vacation and sick leave based upon a prescribed formula. For all Town employees, vacation time may be accumulated and paid upon death, retirement, or termination. The Town does limit the accumulation of vacation to a maximum of 20 days. All compensated absences are accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the Town's governmental activities.

Deferred Outflows/Inflows of Resources

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. The Town has no items that qualify for reporting in this category.

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 only has one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Obligations

In the government-wide financial statements and proprietary fund, 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.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

Pension Plan Accounting

In the pension trust funds, employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements of the plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. In the governmental funds, expenditures are recognized when they are paid or are expected to be paid with current available resources.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense in the governmental activities financial statements, information about the fiduciary net position of the Town's pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported in the pension trust funds.

Net Position and Fund Balance

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 reduce this category.

Restricted Net Position – This category represents external restrictions imposed by creditors, grantors, contributors, 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.

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

Nonspendable – amounts that cannot be spent because they are either not in spendable form (inventories, prepaids, and long-term receivables), or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted – amounts to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments, or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Town's highest level of decision-making authority, which is a motion at a Town Meeting. These

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 – amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by formal action of the Board of Selectmen or Board of Finance.

Unassigned – remaining fund balance after amounts are set aside for all other classifications.

The Town’s policy is to apply expenditures against the applicable fund balances in the order of restricted, committed, assigned, and unassigned.

Note 2 – Budgeting and Budgetary Accounting

General Fund – Budgetary Basis

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- A proposed operating budget is submitted for the fiscal year.
- Public hearings are conducted in the Town to obtain taxpayer comments.
- The budget is legally enacted through passage of an ordinance. The operating budget includes proposed expenditures and the means of financing them.
- The Board of Finance is authorized to transfer budgeted amounts between departments within any fund; however, any additional appropriations exceeding \$20,000 over the total budget must be approved at a Town meeting.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- All noncontinuing appropriations lapse at year-end.

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various Special Revenue Funds, which are utilized to account for specific grant programs, are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

Capital Project Funds

Legal authorization for expenditures of the Capital Project Funds is provided by Town ordinances and/or inter- governmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Budgetary/GAAP Reconciliation

The Town prepares its annual General Fund budget on a basis (budgetary basis), which differs in some respects from generally accepted accounting principles (GAAP basis). The budget and all transactions are

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

presented in accordance with the Town's method (budget basis) in the General Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Budget and Actual to provide a meaningful comparison of actual results with the budget. The major difference between budgetary and GAAP basis are that certain interfund transfers are recorded as expenditures (budgetary) rather than operating transfers (GAAP).

Adjustments necessary to reconcile the budgetary basis to GAAP basis are presented below:

	<u>Revenues</u>	<u>Expenditures</u>
Total Budgetary Basis - Non GAAP	\$ 19,493,189	\$ 19,283,671
Interfund transfers reported in Non-GAAP		
Budgetary basis as revenues and expenditures	\$ (29,442)	\$ (388,347)
Total GAAP Basis	<u>\$ 19,463,747</u>	<u>\$ 18,895,324</u>

Note 3 – Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The deposits of public funds are controlled by the Connecticut General Statutes. Cash and cash equivalents of the Town consist of the following at June 30, 2021:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Demand accounts	\$ 1,452,630	\$ 128,016	\$ 120,143	\$ 1,700,789
Money market	6,813,955	-	-	6,813,955
Government cash reserves	-	-	137,945	137,945
<u>Total Bank Deposits</u>	<u>\$ 8,266,585</u>	<u>\$ 128,016</u>	<u>\$ 258,088</u>	<u>\$ 8,652,689</u>

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2021, \$8,233,812 of the Town's bank balance of \$8,871,756 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,361,902
Uninsured and collateral held by pledging bank's trust department not in the Town's name	871,910
	<u>\$ 8,233,812</u>

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Investments

Interest Rate Risk – Interest rate risk is the risk that the Town will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Town's deposits will not be able to recover the value of its investments that are in possession of an outside party. The Town's investments held in certificates of deposit are not subject to custodial credit risk as the Town's investment is not directly exposed to custodial credit risk.

	Fair Market Value	Maturity not Available	Investment Maturity	
			1- 5 Years	5-10 Years
<u>Government Funds</u>				
<u>Harwinton Public Library</u>				
Certificates of deposit	\$ 118,195	\$ -	\$ 118,195	\$ -
<u>Proprietary Fund</u>				
<u>Sewer Usage Fund</u>				
Certificates of deposit	\$ 482,808	\$ -	\$ 482,808	\$ -
<u>Pension Trust fund</u>				
Municipal Bonds	207,220	-	102,593	104,627
Corporate Bonds	32,216	-	32,216	-
Equity Securities	2,176,625	2,176,625	-	-
Other	25,224	25,224	-	-
Total pension trust fund	\$ 2,441,285	\$ 2,201,849	\$ 134,809	\$ 104,627

Fair Value Measurements

The Town utilizes the market approach as the valuation technique to measure fair value of its financial assets. GAAP establishes a three-level hierarchy for fair value measurements that distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity ("observable inputs") and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances ("unobservable inputs") and requires that the most observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuation based on unadjusted quoted prices in active markets for identical assets the Town has the ability to access. Since valuations are based on quoted prices readily and regularly available in an active market, valuation of these assets does not entail significant judgment.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

- Level 2 - Valuation based on quoted prices for similar assets in active markets; quoted prices for similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The unobservable inputs reflect the Town's own assumptions about assumptions that market participants might use.

The Town's investments are measured on a recurring basis using Level 1 information (market quotations for investments that have quoted prices in active markets). The Town has no financial assets measured using Level 2 or Level 3 at June 30, 2021.

Note 4 – Capital Assets

Changes in the Town's capital assets used in governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 2,517,675	\$ -	\$ -	\$ 2,517,675
Construction in progress	1,232,830	7,657	173,732	1,066,755
Total capital assets not being depreciated	<u>3,750,505</u>	<u>7,657</u>	<u>173,732</u>	<u>3,584,430</u>
Capital assets being depreciated				
Buildings and improvements	7,465,861	81,041	-	7,546,902
Infrastructure	9,733,833	173,732	-	9,907,565
Land improvements	2,779,729	-	-	2,779,729
Machinery and equipment	3,353,707	330,564	-	3,684,271
Total capital assets being depreciated	<u>23,333,130</u>	<u>585,337</u>	<u>-</u>	<u>23,918,467</u>
Less accumulated depreciation				
Buildings and improvements	3,382,826	142,189	-	3,525,015
Infrastructure	3,573,611	204,632	-	3,778,243
Land improvements	566,014	52,707	-	618,721
Machinery and equipment	1,982,114	322,302	-	2,304,416
Total accumulated depreciation	<u>9,504,565</u>	<u>721,830</u>	<u>-</u>	<u>10,226,395</u>
Total capital assets being depreciated net	<u>13,828,565</u>	<u>(136,493)</u>	<u>-</u>	<u>13,692,072</u>
Total capital assets, Net	<u>\$17,579,070</u>	<u>\$ (128,836)</u>	<u>\$ 173,732</u>	<u>\$17,276,502</u>

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

Governmental Activities	
General government	\$ 146,271
Public works	542,007
Public safety	<u>33,552</u>
Total depreciation expense	<u><u>\$ 721,830</u></u>

Note 5 – Receivables and Deferred Inflows of Resources

Receivables at June 30, 2021, for the General Fund, including the applicable allowance for collection losses, are as follows:

	<u>General Fund</u>	<u>Total</u>
Property Taxes	\$ 114,559	\$ 114,559
Interest on Property Taxes	<u>19,194</u>	<u>19,194</u>
Total Receivables	<u><u>\$ 133,753</u></u>	<u><u>\$ 133,753</u></u>

To reflect that a portion of property taxes, interest, and lien fees receivable at June 30, 2021, are not considered available to liquidate general fund liabilities of the current period, the General Fund column of the governmental funds Balance Sheet reports property tax revenue, unavailable for expenditure in the current fiscal year of \$56,159, as a deferred inflow of resources.

Note 6 – Interfund Balances

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds” (current portion of interfund loans). As of June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 6,283	\$ 298,725
Capital Projects Fund	298,725	805,362
ARPA Fund	802,026	-
Dog Fund		2,947
Town Projects	1,374	-
Harwinton Public Library	<u>-</u>	<u>1,374</u>
Total	<u><u>\$ 1,108,408</u></u>	<u><u>\$ 1,108,408</u></u>

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Transfers are generally used to account for unrestricted revenues from the General Fund used to finance various programs accounted for in other funds in accordance with budget authorizations and reimbursed expenditures for capital improvements. A summary of interfund transfers is presented as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 189,442	\$ 548,347
Capital Projects Fund	551,830	189,442
Record Retention Fund		3,149
Vault Equipment		334
Total	<u>\$ 741,272</u>	<u>\$ 741,272</u>

Note 7 – Long-Term Obligations

Long-Term Obligation Activity

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Liabilities</u>	<u>Ending Pension Asset</u>
Net pension obligation	459,789		743,611	-	283,822
Compensated absences	86,107	-	29,453	56,654	-
	<u>545,896</u>	<u>-</u>	<u>773,064</u>	<u>56,654</u>	<u>283,822</u>

Statutory Debt Limitation

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal, and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2021.

Note 8 – Commitments and Contingencies

The Town has received State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

The Town and its employees are defendants in various other claims and legal actions. It is the opinion of Town officials that such pending litigation will not be finally determined so as to result individually, or in the aggregate, in a final judgment against the Town which would materially adversely affect its financial position.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Operating Leases

The Town has entered into several lease agreements for equipment. These leases require monthly payments from \$95 to \$550. These leases expire through June 2022.

Future minimum lease payments under current agreements are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	2,183

Note 9 – Governmental Fund Balances

As of June 30, 2021, governmental fund balances are composed of the following:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Non Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted				
Library Grant	\$ -	\$ -	\$ 426	\$ 426
	<u>-</u>	<u>-</u>	<u>426</u>	<u>426</u>
Committed				
Capital Projects Fund	-	3,462,454	-	3,462,454
Dog Fund	-	-	40,191	40,191
Harwinton Public Library	-	-	167,300	167,300
Historic Preservation	-	-	18,559	18,559
Town Projects	-	-	43,354	43,354
Hometown Holiday	-	-	5,639	5,639
Food Pantry Fund	-	-	30,676	30,676
Veterans Memorial Fund	-	-	9,198	9,198
Health & Safety fund	-	-	12,958	12,958
Volunteer Fire Dept Rehab	14,715	-	-	14,715
	<u>14,715</u>	<u>3,462,454</u>	<u>327,875</u>	<u>3,805,044</u>
Assigned				
Subsequent year's budget	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	<u>3,354,931</u>	<u>-</u>	<u>-</u>	<u>3,354,931</u>
Total governmental funds	<u>\$ 3,369,646</u>	<u>\$ 3,462,454</u>	<u>\$ 328,301</u>	<u>\$ 7,160,401</u>

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 10 – Pension Plan

General Information about the Pension Plan

Plan Administrator

The Town maintains a single-employer defined benefit plan, the “Town of Harwinton Pension Trust”, administered by the Town. Benefits are established and may be amended by the Board of Selectmen. The Board of Selectmen consists of three publicly appointed members. Pension Consultants, Inc. provides the Town (employer) with a publicly available actuarial report that is available through the First Selectman’s office.

Net Pension Liability

Plan Membership

As of July 1, 2020 (the date of the most recent valuation), pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	<u>15</u>
	17

Benefits Provided

The pension plan provides retirement, disability, and death benefits for all eligible full-time employees of the Town, as well as health benefits for certain early retirees. All full-time employees and elected officials whose job requires at least 1,560 hours per year are eligible to participate on July 1st or January 1st after the completion of one year of service and upon attaining age 21. Non-highway employees hired on or after July 1, 2012, and Highway employees hired on or after July 1, 2013, are ineligible to participate in the plan. The retirement plan provides a monthly benefit equal to 2% of average monthly compensation multiplied by all years of service (not to exceed 30 years). Average monthly compensation consists of the highest three consecutive plan years within the last ten years of employment. During the 2011 fiscal year, the plan was amended to remove the 30 year service cap and the obligation to make contributions after 30 years for all Highway employees.

Contributions

Contribution requirements and benefit provisions were established and may be amended by the Board of Selectmen. Plan administration costs are budgeted from the Town’s General Fund. Employees with fewer than 30 years of service are required to contribute 2.25% of total compensation. Effective July 1, 2010, employee contributions do not stop after 30 years of service for the Highway Employees. The Town establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

contribution rate of plan members. For the year ended June 30, 2021, the actuarially determined contribution was \$152,611 and the actual contribution was \$174,700.

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2021, the Town recognized pension expense of \$568,911. At June 30, 2021, the Town reported no deferred outflows or inflows of resources.

Investments

Investment Policy

The Pension Plan's policy regarding the allocation of invested assets is established and may be amended by the Board of Selectmen. It is the policy of the Town's board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

There were no investments that represented 5% or more of the pension plan's fiduciary net position.

	<u>Target Allocation</u>	<u>Long-term Expected Rate of Return</u>
Equities	70.00%	6.00%
Fixed Income	30.00%	4.50%

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 32.38 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The rates of return are obtained by arithmetic means.

Funded Status and Funding Progress

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The changes in the Net Pension Liability for the year ended June 30, 2021, were:

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at June 30, 2020	\$ 4,196,112	\$ 3,736,323	\$ 459,789
Charges for the year			
Service cost	90,041	-	90,041
Interest	176,504	-	176,504
Differences between expected and actual experience	82,536	-	82,536
Employer contributions	-	174,700	(174,700)
Employee contributions	-	18,715	(18,715)
Net investment income	-	899,277	(899,277)
Benefit payments	(2,249,785)	(2,249,785)	-
Net changes	(1,900,704)	(1,157,093)	(743,611)
Balance at June 30, 2021	\$ 2,295,408	\$ 2,579,230	\$ (283,822)
Plan fiduciary net position as a percentage of the total pension liability			112.36%
Covered-employee payroll			\$ 562,638
Net pension liability as a percentage of covered-employee payroll			-50.44%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	None (included in investment return)
Salary increases	3.0 percent, average, including inflation
Investment rate of return	5.5 percent, net of pension plan investment expense

Mortality rates were based on the 1983 Group Annuity Male Mortality Table, with female ages set back 6 years. An experience study has not been performed.

There were no changes in assumptions that affected the measurement of the total pension liability since the prior measurement date.

Discount Rate

The discount rate used to measure the total pension liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that the Town's contributions will be made at rates equal to

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

the actuarially determined contribution. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability of the Town, calculated using the discount rate of 5.5 percent, as well as what the Town's net pension liability would be if calculated using a discount rate that is 1-percentage point lower (4.5 percent) or 1-percentage point higher (6.5 percent) than the current rate.

	1% Decrease 4.50%	Current Discount Rate 5.50%	1% Increase 6.50%
Net pension liability	\$ 170,346	\$ (283,822)	\$ (677,863)

Valuation Date and Roll Forward Process

The plan used a July 1, 2020, valuation date using a Fackler Accumulation Method.

Summary of Significant Accounting Policies

Basis of Accounting

The plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period that the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Investments that do not have an established market are reported at estimated fair values. Investment income is recognized when earned, and gains and losses on sales or exchanges of investments are recognized on the transaction date.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 11 – Risks and Uncertainties

The Town is exposed to various risks of loss relating to liability, theft, or impairment of assets, errors or omissions, injuries to employees, and natural disasters. Commercial liability and property insurance coverage is purchased to protect against losses from these risks. Additionally, employee health coverage is purchased from a commercial carrier. There was no significant reduction coverage from the prior year, and no claims have exceeded insurance coverage in the past three years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool currently operating as a common risk management and insurance program for a comprehensive workers' compensation insurance program through its workers' compensation pool. The Town pays an annual premium to the pool for its coverage. The agreement for the formation of CIRMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event to an unlimited excess limit. The pooling agreement allows CIRMA to make additional assessments to make the pool self-sustaining. The Town cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming. CIRMA publishes its own financial report, which can be obtained from: CIRMA, 900 Chapel Street, 9th Floor, New Haven, CT 06510.

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. On March 10, 2020, Governor Ned Lamont declared a public health and civil preparedness emergency throughout the State, pursuant to Sections 19a-131a and 28-9 of the Connecticut General Statutes.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Town's financial condition, liquidity and future results of operations. The Town has not included any contingencies in the financial statements specific to this issue.

Note 12 – Pronouncements Issued, Not Yet Effective

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

- GASB Statement No. 87 - Leases. requirements of this Statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.
- GASB Statement Number 91 - Conduit Debt Obligations. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

- GASB Statement Number 92 - Omnibus 2020. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement Number 93 - Replacement of Interbank Offered Rates. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.
- GASB Statement Number 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.
- GASB Statement Number 96 - Subscription Based Information Technology Arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32 The requirements of this statement are effective for reporting periods beginning after June 15, 2022.
- GASB Statement No. 98 - The Annual Comprehensive Financial Report The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS

	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>								
Service cost	\$ 90,041	\$ 96,280	\$ 94,044	\$ 129,991	\$ 140,684	\$ 125,282	\$ 131,344	\$ 137,186
Interest	176,504	229,227	224,033	198,165	203,970	215,624	235,302	218,812
Differences between expected and actual experience	-	-	4,715	(20,763)	(38,136)	22,159	(85,691)	-
Changes of assumptions	82,536	76,263	-	-	568,342	-	-	-
Benefit payments, including refunds	(2,249,785)	(354,059)	(306,009)	(87,731)	(45,360)	(462,081)	(277,105)	-
<u>Net change in total pension liability</u>	(1,900,704)	47,711	16,783	219,662	829,500	(99,016)	3,850	355,998
<u>Total pension liability - beginning</u>	4,196,112	4,148,401	4,131,618	3,911,956	3,082,456	3,181,472	3,177,622	2,821,624
<u>Total pension liability - ending</u>	2,295,408	4,196,112	4,148,401	4,131,618	3,911,956	3,082,456	3,181,472	3,177,622
<u>Plan fiduciary net position</u>								
Employer contributions	174,700	180,000	125,000	125,000	139,380	200,000	200,000	247,609
Employee contributions	18,715	19,891	21,604	21,584	22,757	22,845	24,736	23,529
Investment income	899,277	164,537	199,150	313,302	349,332	(22,335)	169,194	380,300
Benefit payees	(2,249,785)	(354,059)	(306,009)	(87,731)	(45,360)	(462,081)	(277,105)	-
Administrative and other	-	-	-	(28,466)	(14,126)	(25,988)	-	-
<u>Net Change in plan fiduciary net position</u>	(1,157,093)	10,369	39,745	343,689	451,983	(287,559)	116,825	651,438
<u>Plan fiduciary net position - beginning</u>	3,736,323	3,725,954	3,686,209	3,342,520	2,890,537	3,178,096	3,061,271	2,409,833
<u>Plan fiduciary net position - ending</u>	2,579,230	3,736,323	3,725,954	3,686,209	3,342,520	2,890,537	3,178,096	3,061,271
<u>Net pension liability (asset) - Ending</u>	\$ (283,822)	\$ 459,789	\$ 422,447	\$ 445,409	\$ 569,436	\$ 191,919	\$ 3,376	\$ 116,351
<u>Plan fiduciary net position as a percentage of the total pension liability</u>	112.36%	89.04%	89.82%	89.22%	85.44%	93.77%	99.89%	96.34%
<u>Covered-employee payroll</u>	562,638	627,834	614,213	824,448	879,783	961,374	993,474	1,053,479
<u>Net pension liability as a percentage of covered employee payroll</u>	-50.44%	73.23%	68.78%	54.03%	64.72%	19.96%	0.34%	11.04%

Notes to Schedule

Information presented - This schedule is required to present information for ten years. Additional years information will be displayed as it becomes available

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF CONTRIBUTIONS TO THE DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<u>Actuarially determined contribution</u>	\$ 152,611	\$ 151,719	\$ 132,044	\$ 184,960	\$ 215,375	\$ 106,829	\$ 112,350	\$ 171,839	\$ 213,465	\$ 222,337
<u>Contributions in relation to the actuarially determined contribution</u>	174,700	180,000	145,000	125,000	139,380	200,000	200,000	247,609	426,149	218,898
<u>Contribution deficiency (excess)</u>	\$ (22,089)	\$ (28,281)	\$ (12,956)	\$ 59,960	\$ 75,995	\$ (93,171)	\$ (87,650)	\$ (75,770)	\$ (212,684)	\$ 3,439
<u>Covered-employee payroll</u>	\$ 562,638	\$ 627,834	\$ 614,213	\$ 824,448	\$ 879,783	\$ 961,374	\$ 993,474	\$ 1,053,479	\$ 917,882	\$ 911,873
<u>Contributions as a percentage of covered-employee payroll</u>	31.05%	28.67%	23.61%	15.16%	15.84%	20.80%	20.13%	23.50%	46.43%	24.01%

Notes to Schedule

Most recent valuation date
Actuarially determined contribution rates are calculated as of July 1, the beginning of the fiscal year in which contributions are reported.

July 1, 2020

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Aggregate method
Amortization method	No supplemental liability with this method
Remaining amortization period	No supplemental liability with this method
Asset valuation method	Fair Market Value
Inflation	None (included in investment return)
Salary increases	3.0%, average, including inflation
Investment rate of return	5.50%
Retirement age	Normal retirement age
Mortality rates	Based on 1983 Group Annuity Male Mortality Table with no setback for males and a 6 year setback for females.

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual money-weighted rate of return net of investment expense	32.38%	4.34%	5.37%	8.91%	10.30%	-1.60%	7.50%	15.00%	11.00%	4.00%

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

<u>Revenues</u>	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Property taxes	\$ 16,387,605	\$ -	\$ 16,387,605	\$ 16,290,501	\$ (97,104)
Interest and lien fees	60,000	-	60,000	52,566	(7,434)
	<u>16,447,605</u>	<u>-</u>	<u>16,447,605</u>	<u>16,343,067</u>	<u>(104,538)</u>
Intergovernmental					
Education grants	2,430,050	-	2,430,050	2,430,050	-
Judicial	3,000	-	3,000	2,430	(570)
Town Aid Road	226,000	-	226,000	227,211	1,211
Veterans grant	1,200	-	1,200	812	(388)
Senior director grant	9,000	-	9,000	4,230	(4,770)
Other grants	1,000	-	1,000	15,122	14,122
Mashantucket Pequot fund	-	-	-	3,676	3,676
PILOT on State-owned property	5,872	-	5,872	5,872	-
Capital Projects Close Out	-	-	-	29,442	29,442
Municipal Grants In Aid	-	-	-	60,542	60,542
	<u>2,676,122</u>	<u>-</u>	<u>2,676,122</u>	<u>2,779,387</u>	<u>103,265</u>
Other Revenue					
Wetlands commission	3,000	-	3,000	4,340	1,340
Planning & zoning permits	8,000	-	8,000	7,709	(291)
Building permits	70,000	-	70,000	148,025	78,025
Pistol permits	3,000	-	3,000	11,293	8,293
Town clerk fees	35,000	-	35,000	60,492	25,492
Investment income	20,000	-	20,000	7,928	(12,072)
Conveyance tax	50,000	-	50,000	93,901	43,901
Selectman miscellaneous	6,000	-	6,000	18,692	12,692
Recreation	35,000	-	35,000	5,844	(29,156)
Telephone line grant	12,000	-	12,000	12,511	511
	<u>242,000</u>	<u>-</u>	<u>242,000</u>	<u>370,735</u>	<u>128,735</u>
<u>Total revenues</u>	<u>\$ 19,365,727</u>	<u>\$ -</u>	<u>\$ 19,365,727</u>	<u>\$ 19,493,189</u>	<u>\$ 127,462</u>

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, AND OTHER FINANCING USES
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<u>General Government</u>					
Board of selectman	\$ 91,045	\$ -	\$ 91,045	\$ 86,068	\$ 4,977
Administrative	141,943	-	141,943	141,942	1
Software & licensing	14,603	5,125	19,728	19,718	10
Utilities and oil	153,566	-	153,566	129,641	23,925
Probate	4,293	-	4,293	4,293	-
Election expense	33,950	-	33,950	28,684	5,266
Board of finance	1,000	-	1,000	660	340
Auditing	23,000	-	23,000	21,500	1,500
Assessors	66,207	-	66,207	64,716	1,491
WPCA	2,303	-	2,303	2,203	100
Board of assessment	710	-	710	220	490
Tax collector	91,087	-	91,087	87,625	3,462
Tax data processing	21,245	-	21,245	20,763	482
Treasurer	8,385	-	8,385	8,385	-
Town attorney legal	30,000	-	30,000	15,064	14,936
Legal outside	17,000	-	17,000	11,610	5,390
Town clerk	108,702	-	108,702	106,817	1,885
Office expense & printing	22,814	-	22,814	20,163	2,651
Zoning commission	3,750	-	3,750	3,535	215
Zoning board of appeals	1,600	-	1,600	264	1,336
Economic development	350	-	350	-	350
Land use coordinator	49,154	-	49,154	46,275	2,879
Planning commission	920	-	920	308	612
Harwinton public library	189,854	-	189,854	185,472	4,382
Conservation services	1,400	-	1,400	1,400	-
Building code official	60,000	34,918	94,918	94,918	-
Wetlands commission	1,500	-	1,500	58	1,442
Recreation commission	142,489	-	142,489	101,411	41,078
Town historian	600	-	600	302	298
Historic district commission	1,000	-	1,000	134	866
Harwinton housing	6,600	-	6,600	6,600	-
Municipal complex	80,249	-	80,249	76,369	3,880
Community hall	2,575	-	2,575	880	1,695
Senior center	7,200	-	7,200	6,903	297
Insurance & workers compensation	125,940	-	125,940	125,935	5
Health insurance	390,475	(34,918)	355,557	354,478	1,079
Pensions	208,300	-	208,300	208,247	53
Social security	136,590	-	136,590	129,087	7,503
<u>Total General Government</u>	<u>2,242,399</u>	<u>5,125</u>	<u>2,247,524</u>	<u>2,112,648</u>	<u>134,876</u>

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, AND OTHER FINANCING USES
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<u>Public Safety</u>					
911 Service	\$ 61,522	\$ -	\$ 61,522	\$ 61,522	\$ -
Fire marshal	13,563	-	13,563	13,529	34
Fire protection	68,822	-	68,822	68,822	-
Harwinton volunteer fire department	125,700	-	125,700	125,700	-
Harwinton Westside fire department	125,700	-	125,700	125,700	-
Emergency management	12,000	-	12,000	7,208	4,792
Police services	291,520	-	291,520	273,470	18,050
Environmental burning official	2,550	-	2,550	2,550	-
Ambulance association	210,000	-	210,000	210,000	-
<u>Total Public Safety</u>	911,377	-	911,377	888,501	22,876
<u>Public Works</u>					
General highway maintenance	1,014,300	-	1,014,300	942,262	72,038
Equipment maintenance	80,000	-	80,000	77,640	2,360
Bridges	2,000	-	2,000	2,000	-
Engineering	4,000	-	4,000	625	3,375
Highway personnel	816,459	-	816,459	810,375	6,084
Recreation field management	42,206	-	42,206	35,558	6,648
<u>Total Public Works</u>	1,958,965	-	1,958,965	1,868,460	90,505
<u>Conservation of Health</u>					
Torrington youth services	1,700	-	1,700	1,700	-
Elderly nutrition	1,931	-	1,931	1,931	-
Torrington area health	29,756	-	29,756	29,756	-
Visiting nurse	500	-	500	-	500
Veterans services	1,725	-	1,725	1,725	-
Vital statistics	2,600	-	2,600	2,600	-
Town refuse	184,632	5,036	189,668	189,668	-
Social services	2,500	-	2,500	500	2,000
Northwest transit district	983	-	983	983	-
<u>Total Conservation of Health</u>	226,327	5,036	231,363	228,863	2,500
<u>Miscellaneous</u>					
Hungerford memorial library	5,000	-	5,000	5,000	-
Cemeteries	3,500	-	3,500	2,495	1,005
Memorial day & flag	750	-	750	295	455
Animal control	1,000	-	1,000	1,000	-
Contingency fund	-	-	-	-	-
<u>Total Miscellaneous</u>	10,250	-	10,250	8,790	1,460

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, AND OTHER FINANCING USES
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Variance With Final Budget Positive (Negative)
	Original	Transfers	Final	Actual	
<u>Capital Expenditures</u>					
Vault equipment	\$ 715	\$ -	\$ 715	\$ 715	\$ -
Office equipment	800	-	800	800	-
Municipal technology	7,500	-	7,500	7,500	-
Tennis court capital	2,000	-	2,000	2,000	-
Recreation playground	1,500	-	1,500	1,500	-
Record restoration	310	-	310	310	-
Revaluation	1,000	-	1,000	1,000	-
Municipal property	20,000	-	20,000	20,000	-
Town plan	500	-	500	500	-
Highway capital	277,000	-	277,000	277,000	-
Nonrecurring EMS capital	200,000	-	200,000	200,000	-
Highway improvement	22,000	-	22,000	22,000	-
<u>Total Capital Expenditures</u>	<u>533,325</u>	<u>-</u>	<u>533,325</u>	<u>533,325</u>	<u>-</u>
<u>Total General Government</u>	5,882,643	10,161	5,892,804	5,640,587	252,217
<u>Education</u>					
Region #10 ECS	2,430,050	-	2,430,050	2,430,050	-
Region #10 Town Budget	11,213,034	-	11,213,034	11,213,034	-
<u>Total Education</u>	<u>13,643,084</u>	<u>-</u>	<u>13,643,084</u>	<u>13,643,084</u>	<u>-</u>
<u>Total Expenditures</u>	<u>\$ 19,525,727</u>	<u>\$ 10,161</u>	<u>\$ 19,535,888</u>	<u>\$ 19,283,671</u>	<u>\$ 252,217</u>

TOWN OF HARWINTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds					
	Dog Fund	Harwinton Public Library	Historic Preservation	Town Projects	Harwinton Pubic Library Grant Fund	Hometown Holiday
<u>Assets</u>						
Cash and cash equivalents	\$ 53,116	\$ 52,141	\$ 18,559	\$ 41,980	\$ 426	\$ 5,639
Investments	-	118,195	-	-	-	-
Due from other funds	-	-	-	1,374	-	-
<u>Total Assets</u>	<u>53,116</u>	<u>170,336</u>	<u>18,559</u>	<u>43,354</u>	<u>426</u>	<u>5,639</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 53,116</u>	<u>\$ 170,336</u>	<u>\$ 18,559</u>	<u>\$ 43,354</u>	<u>\$ 426</u>	<u>\$ 5,639</u>
<u>Liabilities</u>						
Accounts payable	\$ 9,978	\$ 1,662	\$ -	\$ -	\$ -	\$ -
Due to other funds	2,947	1,374	-	-	-	-
<u>Total Liabilities</u>	<u>12,925</u>	<u>3,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	-	-	-	-	426	-
Committed	40,191	167,300	18,559	43,354	-	5,639
<u>Total Fund Balances</u>	<u>40,191</u>	<u>167,300</u>	<u>18,559</u>	<u>43,354</u>	<u>426</u>	<u>5,639</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 53,116</u>	<u>\$ 170,336</u>	<u>\$ 18,559</u>	<u>\$ 43,354</u>	<u>\$ 426</u>	<u>\$ 5,639</u>

TOWN OF HARWINTON, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds				Capital Projects Funds	
	Food Pantry Fund	Veterans Memorial Fund	Record Retention Fund	Health and Safety Fund	Vault Equipment	Total
<u>Assets</u>						
Cash and cash equivalents	\$ 30,676	\$ 9,198	\$ -	\$ 12,958	\$ -	\$ 224,693
Investments	-	-	-	-	-	118,195
Due from other funds	-	-	-	-	-	1,374
<u>Total Assets</u>	<u>30,676</u>	<u>9,198</u>	<u>-</u>	<u>12,958</u>	<u>-</u>	<u>344,262</u>
<u>Deferred Outflows of Resources</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 30,676</u>	<u>\$ 9,198</u>	<u>\$ -</u>	<u>\$ 12,958</u>	<u>\$ -</u>	<u>344,262</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	11,640
Due to other funds	-	-	-	-	-	4,321
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,961</u>
<u>Fund Balances</u>						
Restricted	-	-	-	-	-	426
Committed	30,676	9,198	-	12,958	-	327,875
<u>Total Fund Balances</u>	<u>30,676</u>	<u>9,198</u>	<u>-</u>	<u>12,958</u>	<u>-</u>	<u>328,301</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 30,676</u>	<u>\$ 9,198</u>	<u>\$ -</u>	<u>\$ 12,958</u>	<u>\$ -</u>	<u>\$ 344,262</u>

TOWN OF HARWINTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	Dog Fund	Harwinton Public Library	Historic Preservation	Town Projects	Harwinton Public Library Grant Fund	Hometown Holiday
<u>Revenues:</u>						
Intergovernmental	\$ -	\$ 2,500	\$ -	\$ 52,901	\$ 640	\$ -
Charges for services	25,459	392	2,638	-	-	-
Investment income	-	1,087	-	19	1	3
Miscellaneous	-	14,017	8	3,020	-	3,150
<u>Total Revenues</u>	<u>25,459</u>	<u>17,996</u>	<u>2,646</u>	<u>55,940</u>	<u>641</u>	<u>3,153</u>
<u>Expenditures:</u>						
Current:						
General government	-	33,448	500	1,232	1,374	2,326
Public safety	43,063	-	-	52,901	-	-
<u>Total Expenditures</u>	<u>43,063</u>	<u>33,448</u>	<u>500</u>	<u>54,133</u>	<u>1,374</u>	<u>2,326</u>
Excess (Deficiency) of Revenues Over Expenditures	(17,604)	(15,452)	2,146	1,807	(733)	827
<u>Other Financing Sources (Uses):</u>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
<u>Total Other Financing sources (Uses):</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Change in Fund Balances</u>	<u>(17,604)</u>	<u>(15,452)</u>	<u>2,146</u>	<u>1,807</u>	<u>(733)</u>	<u>827</u>
<u>Fund Balances Beginning of Year</u>	<u>57,795</u>	<u>182,752</u>	<u>16,413</u>	<u>41,547</u>	<u>1,159</u>	<u>4,812</u>
<u>Fund Balances End of Year</u>	<u>\$ 40,191</u>	<u>\$ 167,300</u>	<u>\$ 18,559</u>	<u>\$ 43,354</u>	<u>\$ 426</u>	<u>\$ 5,639</u>

TOWN OF HARWINTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				Capital Projects Fund	
	Food Pantry Fund	Veterans Memorial Fund	Record Retention Fund	Health and Safety Fund	Vault Equipment	Total
<u>Revenues:</u>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,041
Charges for services	-	-	-	-	-	28,489
Investment income	13	5	-	6	-	1,134
Miscellaneous	13,673	-	-	11,145	-	45,013
<u>Total Revenues</u>	<u>13,686</u>	<u>5</u>	<u>-</u>	<u>11,151</u>	<u>-</u>	<u>130,677</u>
<u>Expenditures:</u>						
Current:						
General government	6,112	-	7	6,648	9	51,656
Public safety	-	-	-	-	-	95,964
<u>Total Expenditures</u>	<u>6,112</u>	<u>-</u>	<u>7</u>	<u>6,648</u>	<u>9</u>	<u>147,620</u>
Excess (Deficiency) of Revenues Over Expenditures	7,574	5	(7)	4,503	(9)	(16,943)
<u>Other Financing Sources (Uses):</u>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	(3,149)	-	(334)	(3,483)
<u>Total Other Financing sources (Uses):</u>	<u>-</u>	<u>-</u>	<u>(3,149)</u>	<u>-</u>	<u>(334)</u>	<u>(3,483)</u>
<u>Net Change in Fund Balances</u>	<u>7,574</u>	<u>5</u>	<u>(3,156)</u>	<u>4,503</u>	<u>(343)</u>	<u>(20,426)</u>
<u>Fund Balances Beginning of Year</u>	<u>23,102</u>	<u>9,193</u>	<u>3,156</u>	<u>8,455</u>	<u>343</u>	<u>348,727</u>
<u>Fund Balances End of Year</u>	<u>\$ 30,676</u>	<u>\$ 9,198</u>	<u>\$ -</u>	<u>\$ 12,958</u>	<u>\$ -</u>	<u>\$ 328,301</u>

TOWN OF HARWINTON, CONNECTICUT
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Newman Hungerford Fund	Henri David Memorial Fund	Julie & William Barber Memorial Fund	Jamie Kirchner Memorial Fund	Foxy Dog Fund	Alfred Trust Fund	Total
<u>Assets</u>							
Cash and cash equivalents	\$ -	\$ 791	\$ 36,560	\$ 18,991	\$ -	\$ 60,571	\$ 116,913
<u>Total Assets</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 36,560</u>	<u>\$ 18,991</u>	<u>\$ -</u>	<u>\$ 60,571</u>	<u>\$ 116,913</u>
<u>Liabilities</u>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>							
Restricted for Induvial and Organizations	-	791	36,560	18,991	-	60,571	116,913
<u>Total Net Position</u>	<u>-</u>	<u>791</u>	<u>36,560</u>	<u>18,991</u>	<u>-</u>	<u>60,571</u>	<u>116,913</u>
<u>Total Liabilities and Net Position</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 36,560</u>	<u>\$ 18,991</u>	<u>\$ -</u>	<u>\$ 60,571</u>	<u>\$ 116,913</u>

TOWN OF HARWINTON, CONNECTICUT
PRIVATE PURPOSE TRUST FUNDS AND CUSTODIAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Newman Hungerford Fund	Henri David Memorial Fund	Julie & William Barber Memorial Fund	Jamie Kirchner Memorial Fund	Foxy Dog Fund	Alfred Trust Fund	Total
<u>Additions</u>							
Investment income	\$ 1	\$ -	\$ 18	\$ 8	\$ -	\$ 30	\$ 57
Contributions	-	-	-	3,350	-	-	3,350
<u>Total Additions</u>	<u>1</u>	<u>-</u>	<u>18</u>	<u>3,358</u>	<u>-</u>	<u>30</u>	<u>3,407</u>
<u>Deductions</u>							
Community Assistance	6,022	-	-	298	464	-	6,784
<u>Total Deductions</u>	<u>6,022</u>	<u>-</u>	<u>-</u>	<u>298</u>	<u>464</u>	<u>-</u>	<u>6,784</u>
Change in Net Position	(6,021)	-	18	3,060	(464)	30	(3,377)
<u>Net Position Beginning of Year</u>	<u>6,021</u>	<u>791</u>	<u>36,542</u>	<u>15,931</u>	<u>464</u>	<u>60,541</u>	<u>120,290</u>
<u>Net Position End of Year</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 36,560</u>	<u>\$ 18,991</u>	<u>\$ -</u>	<u>\$ 60,571</u>	<u>\$ 116,913</u>

TOWN OF HARWINTON, CONNECTICUT
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	Senior Center Funds	Police Projects Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 3,230	\$ -	\$ 3,230
<u>Total Assets</u>	<u>\$ 3,230</u>	<u>\$ -</u>	<u>\$ 3,230</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	\$ -
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>			
Restricted for Induvial and Organizations	3,230	-	3,230
<u>Total Net Position</u>	<u>3,230</u>	<u>-</u>	<u>3,230</u>
<u>Total Liabilities and Net Position</u>	<u>\$ 3,230</u>	<u>\$ -</u>	<u>\$ 3,230</u>

TOWN OF HARWINTON, CONNECTICUT
CUSTODIAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Senior Center Funds	Police Projects Fund	Total
<u>Additions</u>			
Investment income	\$ -	\$ -	\$ -
Contributions	8,334	-	8,334
<u>Total Additions</u>	<u>8,334</u>	<u>-</u>	<u>8,334</u>
<u>Deductions</u>			
Community Assistance	6,309	4,056	10,365
<u>Total Deductions</u>	<u>6,309</u>	<u>4,056</u>	<u>10,365</u>
Change in Net Position	<u>2,025</u>	<u>(4,056)</u>	<u>(2,031)</u>
<u>Net Position Beginning of Year</u>	<u>1,205</u>	<u>4,056</u>	<u>5,261</u>
<u>Net Position End of Year</u>	<u>\$ 3,230</u>	<u>\$ -</u>	<u>\$ 3,230</u>

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2021

Total tax collection including interest and lien fees for prior fiscal year	16,261,592
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Reimbursement for revenue loss on Tax relief for elderly for prior fiscal year	<u>213</u>
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Base	<u>16,261,805</u>
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	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>
Debt limitation:				
2-1/4 times base	\$ 36,589,061	\$ -	\$ -	\$ -
4-1/2 times base	-	73,178,123	-	-
3-3/4 times base	-	-	60,981,769	-
3-1/4 times base	-	-	-	52,850,866
Total debt limitation	<u>36,589,061</u>	<u>73,178,123</u>	<u>60,981,769</u>	<u>52,850,866</u>

Indebtedness:				
Regional School District #10 town share balance as of preceding fiscal year	<u>-</u>	<u>3,878,249</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>-</u>	<u>3,878,249</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of outstanding and authorized debt	<u>\$ 36,589,061</u>	<u>\$ 69,299,874</u>	<u>\$ 60,981,769</u>	<u>\$ 52,850,866</u>
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Note: in no case shall total indebtedness exceed seven time the annual receipts from taxation. Accordingly the overall statutory debt limit is	<u>\$ 113,832,635</u>
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TOWN OF HARWINTON, CONNECTICUT
REPORT OF THE TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021

Grand List October 1	Balances 6/30/2020	Current Levy	Lawful Corrections		Transfers To Suspense	Collectable Taxes	Collections				Balances 6/30/2021
			Additions	Deductions			Taxes	Interest	Lien and Fees	Total	
2019	\$ -	\$16,332,538	\$ 15,157	\$ 26,351	\$ 963	\$16,320,381	\$16,223,769	\$ 35,328	\$ 4,353	\$16,263,450	\$ 96,612
2018	60,572	-	977	1,884	403	59,261	50,340	9,035	1,527	60,902	8,921
2017	7,582	-	1,657	2,026	63	\$ 7,150	2,176	1,134	182	3,492	4,974
2016	5,617	-	590	-	353	\$ 5,854	2,175	946	29	3,150	3,679
2015	892	-	14	-	545	\$ 361	51	32	-	83	310
2014	63	-	-	-	-	\$ 63	-	-	-	-	63
<u>Totals</u>	<u>\$ 74,726</u>	<u>\$16,332,538</u>	<u>\$ 18,395</u>	<u>\$ 30,261</u>	<u>\$ 2,327</u>	<u>\$16,393,070</u>	<u>\$16,278,511</u>	<u>\$ 46,475</u>	<u>\$ 6,091</u>	<u>\$16,331,077</u>	<u>\$ 114,559</u>

TOWN OF HARWINTON, CONNECTICUT
REPORT OF THE TAX COLLECTOR FOR SEWER USAGE FEES
FOR THE YEAR ENDED JUNE 30, 2021

October 1	Balances	Current	Lawful Corrections		Collectable	Collections				Transfers To	Balances
	6/30/2020	Levy	Additions	Deductions	Taxes	Taxes	Interest	Lien and Fees	Total	Suspense	6/30/2021
2019	\$ -	\$ 63,500	\$ 443	\$ -	\$ 63,943	\$ 63,193	\$ 918	\$ 96	\$ 64,207	\$ -	\$ 750
2018	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-	-	-	-
<u>Totals</u>	<u>\$ -</u>	<u>\$ 63,500</u>	<u>\$ 443</u>	<u>\$ -</u>	<u>\$ 63,943</u>	<u>\$ 63,193</u>	<u>\$ 918</u>	<u>\$ 96</u>	<u>\$ 64,207</u>	<u>\$ -</u>	<u>\$ 750</u>



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

Independent Auditors' Report

To the Board of Finance
Town of Harwinton, 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, each major fund, and the aggregate remaining fund information of the Town of Harwinton, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Harwinton, Connecticut's basic financial statements, and have issued our report thereon dated December 28, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Town of Harwinton, Connecticut'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 of Harwinton, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sinnamon & Associates, LLC
Certified Public Accountants

December 28, 2021
Canaan Connecticut



Report on Compliance for Each Major State Program
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of State Financial Assistance Required by the State Single Audit Act

Independent Auditors' Report

To the Board of Directors
Town of Harwinton, Connecticut

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control over Compliance

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



of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Harwinton, Connecticut's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement 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, each major fund, and the aggregate remaining fund information of the Town of Harwinton, Connecticut as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Harwinton, Connecticut's basic financial statements. We have issued our report thereon dated December 28, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Harwinton, Connecticut'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.



Sinnamon & Associates, LLC
Certified Public Accountants

December 28, 2021
Canaan Connecticut

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

State Grantor/Pass Through Grantor/Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
<u>Office of Policy and Management:</u>			
Property tax relief on property of totally disabled persons	11000-OPM20600-17011	\$ -	\$ 173
Local capital improvement program (LOCIP)	12050-OPM20600-40254	-	153,779
Property tax relief for Veterans	11000-OPM20600-17024	-	812
Municipal grants in aid	12052-OPM20600-43587	-	21,506
Payment in lieu of taxes (PILOT) on state-owned property	11000-OPM20600-17004	-	5,872
		-	182,142
<u>Department of Housing</u>			
Bond Consolidation Receipts	12039-DOH46920-40233	-	2,430
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	-	11,100
<u>Department of Transportation:</u>			
Town aid road grants transportation fund	12052-DOT57131-43455	-	113,606
Town aid road grants transportation fund - STO	13033-DOT57131-43459	-	113,606
FAD-Temporary Holding Account	34003-DOT57331-42350	-	6,905
		-	234,117
<u>Department of Economic and Community Development</u>			
STEAP Small Town Economic Assistance Program	12052-ECD46210-42411	-	69,407
<u>Connecticut State Library</u>			
Connecticard	11000-CSL66051-17010	-	640
<u>Total State Financial Assistance Before Exempt Programs</u>		-	499,836
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	2,430,050
<u>Office of Policy and Management</u>			
Municipal stabilization grant	11000-OPM20600-17104	-	39,036
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	-	3,676
<u>Total Exempt Programs</u>		-	2,472,762
<u>Total State Financial Assistance</u>		\$ -	\$ 2,972,598

TOWN OF HARWINTON, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2021

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of Accounting

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

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) identified	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) identified	<u> </u> Yes	<u> X </u> None Reported

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

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

<u> </u> Yes	<u> X </u> No
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The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State CORE-CT Number</u>	<u>Expenditures</u>
<u>Department of Transportation:</u>		
Town aid road grants transportation fund	12052-DOT57131-43455	\$ 113,606
Town aid road grants transportation fund - STO	13033-DOT57131-43459	113,606
STEAP Small Town Economic Assistance Program	12052-ECD46210-42411	69,407

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

II - FINANCIAL STATEMENTS FINDINGS

No Matters were reported

III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No Matters were reported