

TOWN OF HARWINTON
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023



SINNAMON & ASSOCIATES, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

To the Board of Directors
Town of Harwinton, Connecticut

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Harwinton, Connecticut, (the "Town"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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



misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 11, the Schedule of Changes in Net Pension Liability and Related Ratios on page 47, the Schedule of Contributions to the Defined Benefit Pension Plan on page 48, and the Schedule of Investment returns on page 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Harwinton, Connecticut's basic financial statements. The general fund budgetary comparison detail schedules and the combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of state financial assistance, as required by the Connecticut State Single Audit Act, is presented for the purposes of additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other 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 29, 2023 on our consideration of the Town of Harwinton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 29, 2023
Canaan Connecticut

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023. 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 \$26,265,812 exceeded its liabilities at June 30, 2023, resulting in a total net position of \$23/898/452. Unrestricted net position was \$7,149,996 and was available to meet ongoing government obligations. Of that amount \$6,607,239 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 \$7,519,286, an increase of \$401,552 for the year. The General Fund decrease for the year was \$104,929 vs. an adjusted budgeted decrease of \$697,111. The General Fund balance was \$3,285,340, of which \$0 was assigned and committed.

At the end of the current fiscal year unassigned fund balance for the general fund was \$3,285,340 or 15.3 % 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, 2023

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

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for 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 14 -18 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, inly in more detail. The funds are combined unto single, aggregated presentation in the proprietary fund financial statements.

The basic Proprietary fund statements can be found on pages 19 -21 of this report.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Fiduciary Funds.

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

The basic fiduciary fund statements can be found on pages 22 - 23 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 24 - 46 of this report.

Other Information.

The required supplementary information for the Town's Pension liability can be found on pages 47 - 49 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 50 -61 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 \$23,898,452 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 \$153,744 during the current fiscal year.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

NET POSITION - June 30, 2023 and June 30, 2022

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

	6/30/2023 Net Position			6/30/2022 Net Position		
	Governmental	Business -Type	Total	Governmental	Business -Type	Total
	Activities	Activities		Activities	Activities	
ASSETS						
Current and Other Assets	\$ 8,964,754	\$ 552,602	\$ 9,517,356	\$ 7,940,135	\$ 558,072	\$ 8,498,207
Capital Assets	16,748,456	-	16,748,456	16,863,718	-	16,863,718
TOTAL ASSETS	25,713,210	552,602	26,265,812	24,803,853	558,072	25,361,925
LIABILITIES						
Current Liabilities	1,364,236	9,845	1,374,081	756,630	168	756,798
Non Current Liabilities	974,329	-	974,329	860,419	-	860,419
TOTAL LIABILITIES	2,338,565	9,845	2,348,410	1,617,049	168	1,617,217
NET POSITION						
Net Investment in Capital Assets	16,748,456	-	16,748,456	16,863,718	-	16,863,718
Restricted	-	-	-	426	-	426
Unrestricted	6,607,239	542,757	7,149,996	6,322,660	557,904	6,880,564
TOTAL NET POSITION	\$ 23,355,695	\$ 542,757	\$ 23,898,452	\$ 23,186,804	\$ 557,904	\$ 23,744,708

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.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CHANGES IN NET POSITION - June 30, 2023 and June 30, 2022

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

	June 30, 2023			June 30, 2022		
	<u>Changes in Net Position</u>			<u>Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
Revenues:						
Program Revenues:						
Charges for Services	\$ 463,859	\$ 76,498	\$ 540,357	\$ 521,772	\$ 77,285	\$ 599,057
Operating grants and contributions	2,457,994	-	2,457,994	2,438,525	-	2,438,525
Capital grants and contributions	870,764	-	870,764	527,105	-	527,105
General Revenues:	-	-	-	-	-	-
Property Taxes	17,658,341	-	17,658,341	17,062,199	-	17,062,199
Grants & contributions, unrestricted	218,751	-	218,751	113,103	-	113,103
Investment Income	85,849	-	85,849	8,411	-	8,411
Other Revenues	81,203	17,662	98,865	59,420	4,772	64,192
Total Revenues	<u>21,836,761</u>	<u>94,160</u>	<u>21,930,921</u>	<u>20,730,535</u>	<u>82,057</u>	<u>20,812,592</u>
Expenses						
General Government	\$ 2,859,680	\$ -	2,859,680	\$ 3,538,858	\$ -	3,538,858
Public Safety	1,165,504	-	1,165,504	975,335	-	975,335
Public Works	2,383,305	-	2,383,305	2,406,147	-	2,406,147
Health Department	263,091	-	263,091	249,642	-	249,642
Miscellaneous	919,708	-	919,708	1,081,783	-	1,081,783
Education	14,076,582	-	14,076,582	14,047,688	-	14,047,688
Sewer and Water Commission	-	109,307	109,307	-	128,324	128,324
Total Expenses	<u>21,667,870</u>	<u>109,307</u>	<u>21,777,177</u>	<u>22,299,453</u>	<u>128,324</u>	<u>22,427,777</u>
Change in Net Position	168,891	(15,147)	153,744	(1,568,918)	(46,267)	(1,615,185)
Net Position, beginning	<u>23,186,804</u>	<u>557,904</u>	<u>23,744,708</u>	<u>24,755,722</u>	<u>604,171</u>	<u>25,359,893</u>
Net Position, ending	<u>\$ 23,355,695</u>	<u>\$ 542,757</u>	<u>\$ 23,898,452</u>	<u>\$ 23,186,804</u>	<u>\$ 557,904</u>	<u>\$ 23,744,708</u>

Governmental Activities.

Approximately 81% of the revenues were derived from property taxes, followed by 15% from operating and capital grants, 2% from service charges, and 2% from grants and investment earnings. Detailed revenue information can be found on page 50.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

For the most part, increases in expenses closely paralleled inflation and growth in demand for services. Approximately 65% of the Town's expenses relate to education, 11% relate to public works, 5% for public safety, 13% for general government and 6% for all other activities. Detailed expense information can be found on pages 51 - 53.

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 \$3,285,340, all of which is unassigned.

The fund balance of the Town's General Fund decreased by \$104,929 during the current fiscal year, compared to an expected decrease of \$697,111.

The Capital Project Fund had a balance of \$3,894,895, which is committed to various capital project activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, revenues were more than budgetary estimates by \$592,182 and expenditures were less than budgetary estimates by \$170,700 which was transferred to the Capital Project Fund as authorized by the Board of Finance. The fund balance of the Town's General Fund decreased by \$104,929.

The original 2022/2023 budget was balanced by utilizing \$120,000 of fund balance. There were additional appropriations approved during the year of \$577,111 by the board of finance and town meeting as detailed in Note 2.

Roll forward transfers from capital expense budget lines not fully expended at June 30, 2023 were \$380,121 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.

Roll forward transfers from other general fund budget lines not fully expended at June 30, 2023 were \$170,700 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 50 - 53 of this report.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

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, 2023 amounted to \$16,748,456. This investment in capital assets included land, buildings and system improvements, infrastructure, and machinery and equipment.

CAPITAL ASSETS, Net of Depreciation
June 30, 2023 and June 30, 2022

	2023	2022
Land	\$ 2,517,675	\$ 2,517,675
Construction in progress	1,597,661	1,085,587
Buildings and improvements	3,771,654	3,902,827
Infrastructure	5,754,922	5,960,472
Land improvements	2,062,152	2,114,786
Machinery and equipment	1,044,392	1,282,371
 Total	 \$ 16,748,456	 \$ 16,863,718

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 \$974,630 related to governmental activities as follows.

	2023	2022
Compensated absences	\$ 56,699	\$ 52,120
Net pension liability	917,630	808,299
 Total	 \$ 974,329	 \$ 860,419

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 \$120,108,835 which is significantly more than the Town's outstanding general obligation debt.

TOWN OF HARWINTON, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

ECONOMIC FACTORS AND THE NEXT YEAR'S BUDGETS AND RATES

The management of the Town of Harwinton considered the following in preparation of the 2023/2024 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 2023-2024 was adjusted from 28.5 to 29.2
- The town received the second installment of the American Rescue Plan Act of 2021 grants totaling \$802,026 in 2022/2023 which was in addition to \$802,026 received during fiscal year 2021/2022. These funds have been set aside in a separate fund for tracking and reporting of expenses. A cumulative total of \$799,762 of these funds were expended as of June 30, 2023, leaving a balance of \$804,290. Of this amount \$643,555 has been assigned to various projects.

Significant Events

In May 2023 a town meeting authorized \$442,750 to develop Pickle Ball Courts and Tennis Courts and to authorize the First Selectman and the Board of Selectmen to apply for and accept any additional governmental or private grants to defray the cost of the Project. Of this total \$60,000 is expected to be paid from the Capital account. In October 2023 a town meeting authorized \$560,000 Sewer Collection System Rehabilitation with \$465,000 to be reimbursed by STEAP funds and \$95,000 to be paid by the WPCA Capital budget

All of the above factors were considered in preparing the Town's budget for the 2023/2024 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, 2023

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>Assets</u>			
Cash and cash equivalents	\$ 8,852,544	\$ 424,111	\$ 9,276,655
Investments	24,397	128,491	152,888
Receivables	87,813	-	87,813
Net pension asset	-	-	-
Capital assets not being depreciated	4,115,336	-	4,115,336
Capital assets, net of accumulated depreciation	12,633,120	-	12,633,120
<u>Total assets</u>	25,713,210	552,602	26,265,812
<u>Liabilities</u>			
Accounts payable	434,562	9,845	444,407
Due to fiduciary funds	18,950	-	18,950
Unearned revenue	814,596	-	814,596
Accrued expenses	115,078	-	115,078
Noncurrent liabilities			
Due within one year	-	-	-
Due in more than one year	974,329	-	974,329
<u>Total liabilities</u>	2,357,515	9,845	2,367,360
<u>Net position</u>			
Net Investment in capital assets	16,748,456	-	16,748,456
Restricted	-	-	-
Unrestricted	6,607,239	542,757	7,149,996
<u>Total net position</u>	\$ 23,355,695	\$ 542,757	\$ 23,898,452

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	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	\$ (2,859,680)	\$ 417,731	\$ 6,583	\$ -	\$ (2,435,366)	\$ -	\$ (2,435,366)
Public safety	(1,165,504)	46,128	-	-	(1,119,376)	-	(1,119,376)
Public works	(2,383,305)	-	-	-	(2,383,305)	-	(2,383,305)
Conservation of health	(263,091)	-	-	-	(263,091)	-	(263,091)
Education	(14,076,582)	-	2,451,411	-	(11,625,171)	-	(11,625,171)
Other	(5,414)	-	-	-	(5,414)	-	(5,414)
Capital outlay	(914,294)	-	-	870,764	(43,530)	-	(43,530)
<u>Total governmental activities</u>	<u>(21,667,870)</u>	<u>463,859</u>	<u>2,457,994</u>	<u>870,764</u>	<u>(17,875,253)</u>	<u>-</u>	<u>(17,875,253)</u>
<u>Business Type Activities</u>							
Sewer fund	(109,307)	76,498	-	-	-	(32,809)	(32,809)
<u>Total Primary Government</u>	<u>\$ (21,777,177)</u>	<u>\$ 540,357</u>	<u>\$ 2,457,994</u>	<u>\$ 870,764</u>	<u>\$ (17,875,253)</u>	<u>\$ (32,809)</u>	<u>\$ (17,908,062)</u>
<u>General revenues:</u>							
Property taxes					17,658,341	-	17,658,341
Grants and contributions not restricted to specific programs					218,751	-	218,751
Unrestricted investment income					85,849	17,662	103,511
Other revenue					81,203	-	81,203
<u>Total general revenues</u>					<u>18,044,144</u>	<u>17,662</u>	<u>18,061,806</u>
<u>Change in net position</u>					<u>168,891</u>	<u>(15,147)</u>	<u>153,744</u>
<u>Net position beginning of year</u>					<u>23,186,804</u>	<u>557,904</u>	<u>23,744,708</u>
<u>Net position end of year</u>					<u>\$ 23,355,695</u>	<u>\$ 542,757</u>	<u>\$ 23,898,452</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	ARPA Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 4,353,158	\$ 4,157,361	\$ -	\$ 342,025	\$ 8,852,544
Investments	-	-	-	24,397	24,397
Receivables	87,813	-	-	-	87,813
Due from other funds	7,419	545,160	804,290	84,905	1,441,774
Due from other governments	-	-	-	-	-
<u>Total assets</u>	<u>4,448,390</u>	<u>4,702,521</u>	<u>804,290</u>	<u>451,327</u>	<u>10,406,528</u>
<u>Deferred Outflows of Resources</u>					
	-	-	-	-	-
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 4,448,390</u>	<u>\$ 4,702,521</u>	<u>\$ 804,290</u>	<u>\$ 451,327</u>	<u>\$ 10,406,528</u>
<u>Liabilities</u>					
Accounts payable	\$ 424,725	\$ -	-	\$ 9,837	\$ 434,562
Due to other funds	550,659	807,626	-	102,439	1,460,724
Unearned revenue	10,306	-	804,290	-	814,596
Accrued expenses	115,078	-	-	-	115,078
<u>Total Liabilities</u>	<u>1,100,768</u>	<u>807,626</u>	<u>804,290</u>	<u>112,276</u>	<u>2,824,960</u>
<u>Deferred Inflows of Resources:</u>					
Unavailable Revenue - property taxes	62,282	-	-	-	62,282
<u>Total Deferred Inflows of Resources</u>	<u>62,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,282</u>
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	3,894,895	-	339,051	4,233,946
Assigned	-	-	-	-	-
Unassigned	3,285,340	-	-	-	3,285,340
<u>Total Fund Balances</u>	<u>3,285,340</u>	<u>3,894,895</u>	<u>-</u>	<u>339,051</u>	<u>7,519,286</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 4,448,390</u>	<u>\$ 4,702,521</u>	<u>\$ 804,290</u>	<u>\$ 451,327</u>	<u>\$ 10,406,528</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, 2023

<u>Total fund balances for governmental funds</u>	\$ 7,519,286
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	16,748,456
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	62,282
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Compensated absences	(56,699)
Net pension liability	<u>(917,630)</u>
<u>Net position of governmental activities</u>	<u>\$ 23,355,695</u>

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, 2023

	General Fund	Capital Projects Fund	ARPA Fund	Non Major Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property taxes	\$ 17,615,570	\$ -	\$ -	\$ -	\$ 17,615,570
Interest and lien fees	61,407	-	-	-	61,407
Intergovernmental	2,655,015	326,319	544,445	6,583	3,532,362
Charges for services	414,183	-	-	49,676	463,859
Investment income	79,323	2,489	-	4,037	85,849
Miscellaneous	6,015	25,034	-	50,154	81,203
<u>Total revenues</u>	<u>20,831,513</u>	<u>353,842</u>	<u>544,445</u>	<u>110,450</u>	<u>21,840,250</u>
<u>Expenditures:</u>					
General government	2,489,523	-	-	51,436	2,540,959
Public safety	959,720	-	120,000	52,429	1,132,149
Public works	1,847,641	-	-	-	1,847,641
Conservation of health	263,091	-	-	-	263,091
Education	14,076,582	-	-	-	14,076,582
Other	5,414	-	-	-	5,414
Capital outlay	162,539	985,878	424,445	-	1,572,862
<u>Total Expenditures:</u>	<u>19,804,510</u>	<u>985,878</u>	<u>544,445</u>	<u>103,865</u>	<u>21,438,698</u>
Excess (Deficiency) of Revenues Over Expenditures	1,027,003	(632,036)	-	6,585	401,552
<u>Other financing sources (uses):</u>					
Transfers In	-	1,134,945	-	1,500	1,136,445
Transfers Out	(1,131,932)	(1,500)	-	(3,013)	(1,136,445)
<u>Total other financing sources (uses):</u>	<u>(1,131,932)</u>	<u>1,133,445</u>	<u>-</u>	<u>(1,513)</u>	<u>-</u>
<u>Net change in fund balances</u>	<u>(104,929)</u>	<u>501,409</u>	<u>-</u>	<u>5,072</u>	<u>401,552</u>
<u>Fund balances beginning of year</u>	<u>3,390,269</u>	<u>3,393,486</u>	<u>-</u>	<u>333,979</u>	<u>7,117,734</u>
<u>Fund balances end of year</u>	<u>\$ 3,285,340</u>	<u>\$ 3,894,895</u>	<u>\$ -</u>	<u>\$ 339,051</u>	<u>\$ 7,519,286</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, 2023

Net change in fund balances - total governmental funds \$ 401,552

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	(773,830)
Capital outlay	658,568

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

Property tax	(18,636)
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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	(4,579)
Change in net pension asset/liability	<u>(109,331)</u>

Change in net position of governmental activities \$ 153,744

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, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<u>Revenues:</u>					
Property taxes	\$ 17,460,209	\$ -	\$ 17,460,209	\$ 17,615,570	\$ 155,361
Interest and lien fees	50,000	-	50,000	61,407	11,407
Intergovernmental	2,450,122	-	2,450,122	2,655,015	204,893
Charges for services	269,000	-	269,000	414,183	145,183
Investment income	4,000	-	4,000	79,323	75,323
Miscellaneous	6,000	-	6,000	6,015	15
<u>Total revenues</u>	20,239,331	-	20,239,331	20,831,513	592,182
<u>Expenditures:</u>					
General government	2,531,938	59,604	2,591,542	2,591,542	-
Public safety	1,036,672	(62,770)	973,902	973,902	-
Public works	1,892,018	3,166	1,895,184	1,895,184	-
Conservation of health	285,290	(11,685)	273,605	273,605	-
Education	14,076,588	-	14,076,588	14,076,588	-
Other	5,850	-	5,850	5,850	-
Capital outlay	530,975	588,796	1,119,771	1,119,771	-
<u>Total expenditures</u>	20,359,331	577,111	20,936,442	20,936,442	-
<u>Net change in fund balance</u>	\$ (120,000)	\$ (577,111)	\$ (697,111)	(104,929)	\$ 592,182
<u>Fund balance - beginning of year</u>				3,390,269	
<u>Fund balance - end of year</u>				\$ 3,285,340	

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2023

	Business Type Activities Sewer Usage
<u>Assets</u>	
Cash and cash equivalents	\$ 424,111
Investments	128,491
Usage fees receivable	-
<u>Total assets</u>	<u>552,602</u>
 <u>Liabilities</u>	
Accounts payable	9,845
<u>Total liabilities</u>	<u>9,845</u>
 <u>Net position</u>	
Unrestricted	542,757
<u>Total net position</u>	<u>\$ 542,757</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, 2023

	Business Type Activities Sewer Usage
<u>Operating revenue</u>	
Charges for services:	
Sewer usage and lien fees	\$ 68,898
Sewer permit and connection fees	7,600
<u>Total operating revenues</u>	76,498
<u>Operating expenses</u>	
Operations and maintenance	109,307
<u>Total operating expenses</u>	109,307
<u>Operating Income</u>	(32,809)
<u>Non-Operating Revenues (Expenses)</u>	
Interest Revenue	17,662
<u>Total Non-Operating Revenues (Expenses)</u>	17,662
<u>Change in net position</u>	(15,147)
<u>Net Position, Beginning</u>	557,904
<u>Net Position, Ending</u>	\$ 542,757

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, 2023

	Business Type Activities Sewer Usage
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$ 76,746
Cash Payments to Suppliers	(99,630)
<u>Net Cash Used In Operating Activities</u>	(22,884)
 <u>Cash Flows From Investing Activities</u>	
Interest income	17,662
Purchase of investments	(3,510)
<u>Net Cash Provided by Investing Activities</u>	14,152
<u>Net Increase (Decrease) in Cash</u>	(8,732)
<u>Cash and Cash Equivalents, Beginning of Year</u>	432,843
<u>Cash and Cash Equivalents, End of Year</u>	\$ 424,111
 <u>Reconciliation of Operating Income to Net Cash Used In Operating Activities</u>	
Operating Income (Loss)	\$ (32,809)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Changes in assets and liabilities	
Usage fees receivable	248
Accounts payable	9,677
<u>Net Cash Provided by Operating Activities</u>	\$ (22,884)

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF NET FIDUCIARY POSITION
 JUNE 30, 2023

	Pension Trust Funds	Private Purpose Trust Funds	Custodial Funds	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 43,203	\$ 108,538	\$ -	\$ 151,741
Investments	943,305	-	-	943,305
Due from other funds	-	10,747	8,203	18,950
<u>Total assets</u>	<u>986,508</u>	<u>119,285</u>	<u>8,203</u>	<u>1,113,996</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	986,508	-	-	986,508
Restricted for individuals and organizations	-	119,285	8,203	127,488
<u>Total net position</u>	<u>986,508</u>	<u>119,285</u>	<u>8,203</u>	<u>1,113,996</u>
<u>Total liabilities and net position</u>	<u>\$ 986,508</u>	<u>\$ 119,285</u>	<u>\$ 8,203</u>	<u>\$ 1,113,996</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, 2023

	Pension Trust Fund	Private Purpose Trust Funds	Custodial Funds	Total
<u>Additions</u>				
Employer contributions	\$ 170,000	\$ -	\$ -	\$ 170,000
Employee contributions	12,923	-	-	12,923
Donations and other	-	992	20,511	21,503
Investment income	125,478	54	1	125,533
<u>Total additions</u>	<u>308,401</u>	<u>1,046</u>	<u>20,512</u>	<u>329,959</u>
<u>Deductions</u>				
Benefits paid	1,092,423	-	-	1,092,423
Plan administration	401	-	-	401
Community assistance	-	792	17,855	18,647
<u>Total deductions</u>	<u>1,092,824</u>	<u>792</u>	<u>17,855</u>	<u>1,111,471</u>
<u>Change in net position</u>	<u>(784,423)</u>	<u>254</u>	<u>2,657</u>	<u>(781,512)</u>
<u>Net position beginning of year</u>	<u>1,770,931</u>	<u>119,031</u>	<u>5,546</u>	<u>1,895,508</u>
<u>Net position end of year</u>	<u>\$ 986,508</u>	<u>\$ 119,285</u>	<u>\$ 8,203</u>	<u>\$ 1,113,996</u>

The accompanying notes are an integral part of these financial statements

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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, 2023

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.

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

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

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 Receivables, Payables, and Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Property Taxes

The Town's property tax is levied each July 1 on the assessed value as of the prior October 1 for all real property located in the Town. Assessed values are established by the Town Assessment Board at 70 percent of estimated market value. A revaluation of all property is required to be completed no less than every five years. Real estate and personal property taxes are due and payable in two installments on July 1 and the following January 1, although a 30-day grace period is provided.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Motor vehicle taxes are due and payable July 1, and motor vehicle supplemental taxes are due and payable January 1. Current tax collections for the year ended June 30, 2023 were 99.7% of the adjusted tax levy.

Uncollected property taxes are recorded as receivables. No allowance for uncollectible accounts was considered necessary at June 30, 2023. Property taxes receivable that are not considered available to liquidate general fund liabilities of the current period are reported as a deferred inflow of resources on the governmental fund Balance Sheet, and accordingly, are not recognized as revenue in the fund financial statements during the current fiscal period. Outstanding real estate tax accounts are liened each year prior to June 30, with legal demands and alias tax warrants used in the collection of personal property and motor vehicle tax bills.

Sewer Use Charges

User charges and assessments are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates.

Capital Assets

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

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. The Town had no financial statement elements meeting the criteria to be reported as deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections, when applicable, in the government-wide statement of net position and in the governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which 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.

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.

TOWN OF HARWINTON, CONNECTICUT
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JUNE 30, 2023

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 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.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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.

Additional appropriations for the year ended June 30, 2023, were as follows as authorized by Town Meeting and the Board of Finance:

Bogue Road Bridge	\$ 383,000
Transfer to Capital for STEAP Veteran's Project	130,000
Transfer to Capital for LOCIP Security Camera	<u>64,111</u>
Total GAAP Basis	<u><u>\$ 577,111</u></u>

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.

TOWN OF HARWINTON, CONNECTICUT
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JUNE 30, 2023

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 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:

	Revenues	Expenditures
Total Budgetary Basis - Non GAAP	\$ 20,831,513	\$ 20,936,442
Interfund transfers reported in Non-GAAP Budgetary basis as revenues and expenditures	\$ -	\$ (1,131,932)
 Total GAAP Basis	 \$ 20,831,513	 \$ 19,804,510

Note 3 – Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call reports, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. All of the Town’s deposits were in qualified public institutions as defined by state statute.

TOWN OF HARWINTON, CONNECTICUT
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Cash and cash equivalents of the Town consist of the following at June 30, 2023:

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
<u>Bank Deposits</u>				
Demand accounts	\$ 1,536,050	\$ 49,901	\$ 108,538	\$ 1,694,489
Money market	5,097,167	-	-	5,097,167
Government cash reserves	-	-	-	-
<u>Total Bank Deposits</u>	<u>6,633,217</u>	<u>49,901</u>	<u>108,538</u>	<u>6,791,656</u>
<u>Cash Equivalents</u>				
STIF	2,219,327	374,210	-	2,593,537
Government cash reserves	-	-	43,203	43,203
<u>Total Cash Equivalents</u>	<u>2,219,327</u>	<u>374,210</u>	<u>43,203</u>	<u>2,636,740</u>
<u>Total Deposits Cash Equivalents</u>	<u>\$ 8,852,544</u>	<u>\$ 424,111</u>	<u>\$ 151,741</u>	<u>\$ 9,428,396</u>

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2023, \$6,404,169 of the Town's bank balance of \$6,904,169 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 5,718,599
Uninsured and collateralized with securities held by the pledging Bank's trust department or agent but not in the Towns' name	685,570
	<u>\$ 6,404,169</u>

The level of the Town's deposits varied significantly throughout the year as a result of higher cash flows during certain periods of the year. As a result, uninsured, uncollateralized amounts at those times were substantially higher than at year-end.

Concentrations of Credit Risk

The Town does not have a policy that limits the amounts invested in any one issuer. At June 30, 2023, the Town had all of its cash deposits in financial institutions located in the State of Connecticut. The Town has not experienced any losses on such accounts.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

Investments

As of June 230, 2023 the Town had the following investments:

	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	\$ 24,397	\$ -	\$ 24,397	\$ -
<u>Proprietary Fund</u>				
<u>Sewer Usage Fund</u>				
Certificates of deposit	\$ 128,491	\$ -	\$ 128,491	\$ -
<u>Pension Trust Fund</u>				
Municipal Bonds	23,969	-	2,521	21,448
Corporate Bonds	167,605	-	118,955	48,650
Equity Securities	703,190	703,190	-	-
Other	48,541	48,541	-	-
Total pension trust fund	<u>\$ 943,305</u>	<u>\$ 751,731</u>	<u>\$ 121,476</u>	<u>\$ 70,098</u>

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 Value Measurements

The Town utilizes the market approach as the valuation technique to measure fair value of its financial

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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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.
- 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, 2023.

Note 4 – Capital Assets

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 2,517,675	\$ -	\$ -	\$ 2,517,675
Construction in progress	1,085,587	512,074	-	1,597,661
Total capital assets not being depreciated	<u>3,603,262</u>	<u>512,074</u>	<u>-</u>	<u>4,115,336</u>
Capital assets being depreciated				
Buildings and improvements	7,572,702	14,407	-	7,587,109
Infrastructure	9,944,265	-	-	9,944,265
Land improvements	2,786,141	-	-	2,786,141
Machinery and equipment	3,852,343	132,087	826,218	3,158,212
Total capital assets being depreciated	<u>24,155,451</u>	<u>146,494</u>	<u>826,218</u>	<u>23,475,727</u>
Less accumulated depreciation				
Buildings and improvements	3,669,875	145,580	-	3,815,455
Infrastructure	3,983,793	205,550	-	4,189,343
Land improvements	671,355	52,634	-	723,989
Machinery and equipment	2,569,972	370,066	826,218	2,113,820
Total accumulated depreciation	<u>10,894,995</u>	<u>773,830</u>	<u>826,218</u>	<u>10,842,607</u>
Total capital assets being depreciated net	<u>13,260,456</u>	<u>(627,336)</u>	<u>-</u>	<u>12,633,120</u>
Total capital assets, Net	<u>\$16,863,718</u>	<u>\$ (115,262)</u>	<u>\$ -</u>	<u>\$16,748,456</u>

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

Governmental Activities	
General government	\$ 204,811
Public works	535,664
Public safety	33,355
Total depreciation expense	<u>\$ 773,830</u>

Note 5 – Receivables and Deferred Inflows of Resources

Receivables at June 30, 2023, for the General Fund, including the applicable allowance for collection losses, are as follows:

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	General Fund	Total	Total
Property Taxes	\$ 73,414	\$ -	\$ 73,414
Interest on Property Taxes	14,399	-	14,399
 Total Receivables	 \$ 87,813	 \$ -	 \$ 87,813

To reflect that a portion of property taxes, interest, and lien fees receivable at June 30, 2023, 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 \$62,282, 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, 2023, interfund receivables and payables that resulted from various interfund transactions were as follows:

	Due From	Due To
General Fund	\$ 7,419	\$ 550,659
Capital Projects Fund	545,160	807,626
ARPA Fund	804,290	-
Dog Fund	-	3,898
Harwinton Public Library	-	184
Historic Preservation	29,585	-
Hometown Holiday	2,700	-
Town Projects	-	98,357
Food Pantry Fund	28,599	-
Health and Safety Fund	24,021	-
Recreation Enrichment	10,747	-
Senior Center Funds	8,203	-
Total	\$ 1,460,724	\$ 1,460,724

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:

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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	Transfers In	Transfers Out
General Fund	\$ -	\$ 1,131,932
Capital Projects Fund	1,134,945	1,500
Veteran's Memorial Fund		-
Harwinton Public Library	1,500	3,013
Total	\$ 1,136,445	\$ 1,136,445

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, 2023:

	Beginning Liabilities	Additions	Reductions	Ending Liabilities
Net pension obligation	\$ 808,299	\$ 219,524	\$ 110,193	917,630
Net pension asset	-	-	-	-
Compensated absences	52,120	4,579	-	56,699
	\$ 860,419	\$ 224,103	\$ 110,193	\$ 974,329

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, 2023.

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, 2023

Note 9 – Governmental Fund Balances

As of June 30, 2023, 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>
Committed				
Capital Projects Fund	\$ -	\$ 3,894,895	\$ -	\$ 3,894,895
Dog Fund	-	-	21,533	21,533
Harwinton Public Library	-	-	178,701	178,701
Historic Preservation	-	-	29,585	29,585
Town Projects	-	-	53,912	53,912
Hometown Holiday	-	-	2,700	2,700
Food Pantry Fund	-	-	28,599	28,599
Health & Safety fund	-	-	24,021	24,021
	<u>-</u>	<u>3,894,895</u>	<u>339,051</u>	<u>4,233,946</u>
Unassigned	<u>3,285,340</u>	<u>-</u>	<u>-</u>	<u>3,285,340</u>
Total governmental funds	<u>\$ 3,285,340</u>	<u>\$ 3,894,895</u>	<u>\$ 339,051</u>	<u>\$ 7,519,286</u>

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, 2022 (the date of the most recent valuation), pension plan membership consisted of the following:

TOWN OF HARWINTON, CONNECTICUT
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Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	2
Active plan members	9
	11
	11

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. Effective with the July 1, 2022 union agreement, the plan was amended to remove the 30-year service cap and the obligation to make contributions after 30 years for all 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 with the July 1, 2022 union agreement, employee contributions do not stop after 30 years of service for all 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 contribution rate of plan members. For the year ended June 30, 2022, the actuarially determined contribution was \$251,860 and the actual contribution was \$170,000.

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

For the year ended June 30, 2023, the Town recognized pension expense of \$389,524. At June 30, 2023, 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.

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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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 9.08 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The changes in the Net Pension Liability for the year ended June 30, 2023, were:

TOWN OF HARWINTON, CONNECTICUT
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	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance beginning of year	\$ 2,469,037	\$ 1,770,931	\$ 698,106
Charges for the year			
Service cost	72,415	-	72,415
Interest	123,833	-	123,833
Differences between expected and actual experience	331,677	-	331,677
Employer contributions	-	170,000	(170,000)
Employee contributions	-	12,923	(12,923)
Net investment income	-	125,478	(125,478)
Benefit payments	(1,092,423)	(1,092,423)	-
Net changes	(564,498)	(784,022)	219,524
Balance end of year	\$ 1,904,539	\$ 986,909	\$ 917,630
Plan fiduciary net position as a percentage of the total pension liability			51.82%
Covered-employee payroll			\$ 418,042
Net pension liability as a percentage of covered-employee payroll			219.51%

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2022 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.

TOWN OF HARWINTON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023

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 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	\$ 1,229,609	\$ 917,630	\$ 648,267

Valuation Date and Roll Forward Process

The plan used a July 1, 2022, 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, 2023

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.

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. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This statement addresses a variety of topics with the requirements related to financial guarantees and the classification and reporting of derivative instruments effective for the Town's reporting periods beginning July 1, 2023.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2023.

TOWN OF HARWINTON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>										
Service cost	\$ 72,415	\$ 77,602	\$ 90,041	\$ 96,280	\$ 94,044	\$ 129,991	\$ 140,684	\$ 125,282	\$ 131,344	\$ 137,186
Interest	123,833	138,682	176,504	229,227	224,033	198,165	203,970	215,624	235,302	218,812
Differences between expected and actual experience	331,677	840,500	82,536	76,263	4,715	(20,763)	(38,136)	22,159	(85,691)	-
Changes of assumptions	-	-	-	-	-	-	568,342	-	-	-
Benefit payments, including refunds	(1,092,423)	(883,155)	(2,249,785)	(354,059)	(306,009)	(87,731)	(45,360)	(462,081)	(277,105)	-
<u>Net change in total pension liability</u>	(564,498)	173,629	(1,900,704)	47,711	16,783	219,662	829,500	(99,016)	3,850	355,998
<u>Total pension liability - beginning</u>	2,469,037	2,295,408	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>	1,904,539	2,469,037	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	170,000	174,700	174,700	180,000	125,000	125,000	139,380	200,000	200,000	247,609
Employee contributions	12,923	16,136	18,715	19,891	21,604	21,584	22,757	22,845	24,736	23,529
Investment income	125,478	(115,980)	899,277	164,537	199,150	313,302	349,332	(22,335)	169,194	380,300
Benefit payments	(1,092,423)	(883,155)	(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>	(784,022)	(808,299)	(1,157,093)	10,369	39,745	343,689	451,983	(287,559)	116,825	651,438
<u>Plan fiduciary net position - beginning</u>	1,770,931	2,579,230	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>	986,909	1,770,931	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>	\$ 917,630	\$ 698,106	\$ (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>	51.82%	71.73%	112.36%	89.04%	89.82%	89.22%	85.44%	93.77%	99.89%	96.34%
<u>Covered-employee payroll</u>	418,042	469,940	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>	219.51%	148.55%	-50.44%	73.23%	68.78%	54.03%	64.72%	19.96%	0.34%	11.04%

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

	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Actuarially determined contribution</u>	\$ 251,860	\$ 138,282	\$ 152,611	\$ 151,719	\$ 132,044	\$ 184,960	\$ 215,375	\$ 106,829	\$ 112,350	\$ 171,839
<u>Contributions in relation to the actuarially determined contribution</u>	170,000	174,700	174,700	180,000	145,000	125,000	139,380	200,000	200,000	247,609
<u>Contribution deficiency (excess)</u>	\$ 81,860	\$ (36,418)	\$ (22,089)	\$ (28,281)	\$ (12,956)	\$ 59,960	\$ 75,995	\$ (93,171)	\$ (87,650)	\$ (75,770)
<u>Covered-employee payroll</u>	\$ 418,042	\$ 469,940	\$ 562,638	\$ 627,834	\$ 614,213	\$ 824,448	\$ 879,783	\$ 961,374	\$ 993,474	\$ 1,053,479
<u>Contributions as a percentage of covered-employee payroll</u>	40.67%	37.17%	31.05%	28.67%	23.61%	15.16%	15.84%	20.80%	20.13%	23.50%

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, 2022

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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return net of investment expense	9.08%	-5.51%	32.38%	4.34%	5.37%	8.91%	10.30%	-1.60%	7.50%	15.00%

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUE AND OTHER FINANCING SOURCES
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

Revenues	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
Property taxes	\$ 17,460,209	\$ -	\$ 17,460,209	\$ 17,615,570	\$ 155,361
Interest and lien fees	50,000	-	50,000	61,407	11,407
	<u>17,510,209</u>	<u>-</u>	<u>17,510,209</u>	<u>17,676,977</u>	<u>166,768</u>
Intergovernmental					
Education grants	2,430,050	-	2,430,050	2,451,411	21,361
Judicial	3,000	-	3,000	8,295	5,295
Town Aid Road	-	-	-	-	-
Veterans grant	1,200	-	1,200	485	(715)
Senior director grant	9,000	-	9,000	13,335	4,335
Other grants	1,000	-	1,000	205	(795)
Mashantucket Pequot fund	-	-	-	3,676	3,676
PILOT State-owned property	5,872	-	5,872	9,718	3,846
Municipal purposes & projects	-	-	-	21,506	21,506
Tiered Payment in Lieu of Taxes	-	-	-	107,348	107,348
Municipal stabilization grant	-	-	-	39,036	39,036
	<u>2,450,122</u>	<u>-</u>	<u>2,450,122</u>	<u>2,655,015</u>	<u>204,893</u>
Other Revenue					
Wetlands commission	3,000	-	3,000	6,300	3,300
Planning & zoning permits	8,000	-	8,000	7,268	(732)
Building inspector fees	90,000	-	90,000	160,858	70,858
Pistol permits	3,000	-	3,000	2,310	(690)
Town clerk fees	40,000	-	40,000	48,603	8,603
Investment income	4,000	-	4,000	79,323	75,323
Conveyance tax	55,000	-	55,000	78,949	23,949
Selectman miscellaneous	6,000	-	6,000	6,015	15
Recreation	60,000	-	60,000	97,585	37,585
Telephone line grant	10,000	-	10,000	12,310	2,310
	<u>279,000</u>	<u>-</u>	<u>279,000</u>	<u>499,521</u>	<u>220,521</u>
Total revenues	<u>\$ 20,239,331</u>	<u>\$ -</u>	<u>\$ 20,239,331</u>	<u>\$ 20,831,513</u>	<u>\$ 592,182</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, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<u>General Government</u>					
Board of selectman	\$ 278,162	\$ 1,873	\$ 280,035	\$ 280,035	\$ -
Administrative	-	-	-	-	-
Software & licensing	23,240	-	23,240	23,240	-
Utilities and oil	168,555	16,301	184,856	184,856	-
Probate	4,405	-	4,405	4,405	-
Election expense	33,216	-	33,216	33,216	-
Board of finance	21,000	592	21,592	21,592	-
Auditing	-	-	-	-	-
Assessors	83,108	-	83,108	83,108	-
WPCA	-	-	-	-	-
Board of assessment	727	-	727	727	-
Tax collector	105,502	-	105,502	105,502	-
Tax data processing	-	-	-	-	-
Treasurer	-	-	-	-	-
Town attorney legal	30,000	-	30,000	30,000	-
Legal outside	15,000	-	15,000	15,000	-
Town clerk	125,396	304	125,700	125,700	-
Office expense & printing	24,931	-	24,931	24,931	-
Zoning commission	-	-	-	-	-
Zoning board of appeals	-	-	-	-	-
Economic development	500	-	500	500	-
Land use coordinator	64,251	-	64,251	64,251	-
Planning commission	-	-	-	-	-
Harwinton public library	198,047	-	198,047	198,047	-
Conservation services	-	-	-	-	-
Building code official	75,000	40,079	115,079	115,079	-
Wetlands commission	-	-	-	-	-
Recreation commission	174,575	-	174,575	174,575	-
Town historian	600	-	600	600	-
Historic district commission	1,000	-	1,000	1,000	-
Harwinton housing	13,092	-	13,092	13,092	-
Municipal complex	55,600	-	55,600	55,600	-
Community hall	-	-	-	-	-
Senior center	-	-	-	-	-
Insurance & workers compensation	158,298	455	158,753	158,753	-
Health insurance	510,752	-	510,752	510,752	-
Pensions	213,726	-	213,726	213,726	-
Social security	153,255	-	153,255	153,255	-
<u>Total General Government</u>	<u>2,531,938</u>	<u>59,604</u>	<u>2,591,542</u>	<u>2,591,542</u>	<u>-</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, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<u>Public Safety</u>					
911 Service	\$ 63,999	\$ -	\$ 63,999	\$ 63,999	\$ -
Fire marshal	17,244	70	17,314	17,314	-
Fire protection	73,081	-	73,081	73,081	-
Harwinton volunteer fire department	131,300	-	131,300	131,300	-
Harwinton Westside fire department	127,150	-	127,150	127,150	-
Emergency management	5,000	-	5,000	5,000	-
Police services	388,898	(62,840)	326,058	326,058	-
Environmental burning official	-	-	-	-	-
Ambulance association	230,000	-	230,000	230,000	-
<u>Total Public Safety</u>	1,036,672	(62,770)	973,902	973,902	-
<u>Public Works</u>					
General highway maintenance	1,761,567	-	1,761,567	1,761,567	-
Equipment maintenance	85,000	-	85,000	85,000	-
Bridges	-	-	-	-	-
Engineering	-	-	-	-	-
Highway personnel	-	-	-	-	-
Recreation field management	45,451	3,166	48,617	48,617	-
<u>Total Public Works</u>	1,892,018	3,166	1,895,184	1,895,184	-
<u>Conservation of Health</u>					
Torrington youth services	-	-	-	-	-
Elderly nutrition	-	-	-	-	-
Torrington area health	29,976	-	29,976	29,976	-
Visiting nurse	-	-	-	-	-
Veterans services	-	-	-	-	-
Vital statistics	-	-	-	-	-
Town refuse	243,856	(11,685)	232,171	232,171	-
Social services	11,458	-	11,458	11,458	-
Northwest transit district	-	-	-	-	-
<u>Total Conservation of Health</u>	285,290	(11,685)	273,605	273,605	-
<u>Miscellaneous</u>					
Hungerford memorial library	5,000	-	5,000	5,000	-
Cemeteries	-	-	-	-	-
Memorial day & flag	750	-	750	750	-
Animal control	100	-	100	100	-
Contingency fund	-	-	-	-	-
<u>Total Miscellaneous</u>	5,850	-	5,850	5,850	-

TOWN OF HARWINTON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES, AND OTHER FINANCING USES
BUDGETARY BASIS - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Actual	Variance With Final Budget Positive (Negative)
	Original	Transfers	Final		
<u>Capital Expenditures</u>					
Vault equipment	\$ 715	\$ -	\$ 715	\$ 715	\$ -
Office equipment	900	-	900	900	-
Municipal technology	9,000	-	9,000	9,000	-
Tennis court capital	2,000	-	2,000	2,000	-
Recreation playground	1,500	-	1,500	1,500	-
Record restoration	360	-	360	360	-
Revaluation	1,000	-	1,000	1,000	-
Municipal property	20,000	11,685	31,685	31,685	-
Town plan	500	-	500	500	-
Highway capital	273,000	-	273,000	273,000	-
Nonrecurring EMS capital	200,000	-	200,000	200,000	-
Highway improvement	22,000	-	22,000	22,000	-
Capital Reserve Bogue Road Bridge transfer	-	383,000	383,000	383,000	-
Capital Reserve STEAP Veteran's transfer	-	130,000	130,000	130,000	-
Capital Reserve LOCIP security camera transfer	-	64,111	64,111	64,111	-
<u>Total Capital Expenditures</u>	<u>530,975</u>	<u>588,796</u>	<u>1,119,771</u>	<u>1,119,771</u>	<u>-</u>
<u>Total General Government</u>	<u>6,282,743</u>	<u>577,111</u>	<u>6,859,854</u>	<u>6,859,854</u>	<u>-</u>
<u>Education</u>					
Region #10 ECS	2,430,050	-	2,430,050	2,430,050	-
Region #10 Town Budget	11,646,538	-	11,646,538	11,646,538	-
<u>Total Education</u>	<u>14,076,588</u>	<u>-</u>	<u>14,076,588</u>	<u>14,076,588</u>	<u>-</u>
<u>Total Expenditures</u>	<u>\$ 20,359,331</u>	<u>\$ 577,111</u>	<u>\$ 20,936,442</u>	<u>\$ 20,936,442</u>	<u>\$ -</u>

TOWN OF HARWINTON, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	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	\$ 35,153	\$ 154,603	\$ -	\$ 152,269	\$ -	\$ -
Investments	-	24,397	-	-	-	-
Due from other funds	-	-	29,585	-	-	2,700
<u>Total Assets</u>	<u>35,153</u>	<u>179,000</u>	<u>29,585</u>	<u>152,269</u>	<u>-</u>	<u>2,700</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>\$ 35,153</u>	<u>\$ 179,000</u>	<u>\$ 29,585</u>	<u>\$ 152,269</u>	<u>\$ -</u>	<u>\$ 2,700</u>
<u>Liabilities</u>						
Accounts payable	\$ 9,722	\$ 115	\$ -	\$ -	\$ -	\$ -
Due to other funds	3,898	184	-	98,357	-	-
<u>Total Liabilities</u>	<u>13,620</u>	<u>299</u>	<u>-</u>	<u>98,357</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>						
Restricted	-	-	-	-	-	-
Committed	21,533	178,701	29,585	53,912	-	2,700
<u>Total Fund Balances</u>	<u>21,533</u>	<u>178,701</u>	<u>29,585</u>	<u>53,912</u>	<u>-</u>	<u>2,700</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 35,153</u>	<u>\$ 179,000</u>	<u>\$ 29,585</u>	<u>\$ 152,269</u>	<u>\$ -</u>	<u>\$ 2,700</u>

TOWN OF HARWINTON, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food Pantry Fund</u>	<u>Health and Safety Fund</u>	
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ -	\$ 342,025
Investments	-	-	24,397
Due from other funds	28,599	24,021	84,905
<u>Total Assets</u>	<u>28,599</u>	<u>24,021</u>	<u>451,327</u>
<u>Deferred Outflows of Resources</u>	-	-	-
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 28,599</u>	<u>\$ 24,021</u>	<u>451,327</u>
<u>Liabilities</u>			
Accounts payable	\$ -	\$ -	9,837
Due to other funds	-	-	102,439
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>112,276</u>
<u>Fund Balances</u>			
Restricted	-	-	-
Committed	28,599	24,021	339,051
<u>Total Fund Balances</u>	<u>28,599</u>	<u>24,021</u>	<u>339,051</u>
<u>Total Liabilities, Deferred Inflows of Resources and Fund Balances</u>	<u>\$ 28,599</u>	<u>\$ 24,021</u>	<u>\$ 451,327</u>

TOWN OF HARWINTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds					
	Dog Fund	Harwinton Public Library	Historic Preservation	Town Projects	Harwinton Pubic Library Grant Fund	Hometown Holiday
<u>Revenues:</u>						
Intergovernmental	\$ -	\$ 1,083	\$ 5,500	\$ -	\$ -	\$ -
Charges for services	46,128	745	2,803	-	-	-
Investment income	-	4,021	3	5	-	1
Miscellaneous	-	14,377	-	9,943	-	10,976
<u>Total Revenues</u>	<u>46,128</u>	<u>20,226</u>	<u>8,306</u>	<u>9,948</u>	<u>-</u>	<u>10,977</u>
<u>Expenditures:</u>						
Current:						
General government	-	17,804	6,000	2,589	426	12,787
Public safety	52,429	-	-	-	-	-
<u>Total Expenditures</u>	<u>52,429</u>	<u>17,804</u>	<u>6,000</u>	<u>2,589</u>	<u>426</u>	<u>12,787</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,301)	2,422	2,306	7,359	(426)	(1,810)
<u>Other Financing Sources (Uses):</u>						
Transfers In	-	1,500	-	-	-	-
Transfers Out	-	(3,013)	-	-	-	-
<u>Total Other Financing sources (Uses):</u>	<u>-</u>	<u>(1,513)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Change in Fund Balances</u>	<u>(6,301)</u>	<u>909</u>	<u>2,306</u>	<u>7,359</u>	<u>(426)</u>	<u>(1,810)</u>
<u>Fund Balances Beginning of Year</u>	<u>27,834</u>	<u>177,792</u>	<u>27,279</u>	<u>46,553</u>	<u>426</u>	<u>4,510</u>
<u>Fund Balances End of Year</u>	<u>\$ 21,533</u>	<u>\$ 178,701</u>	<u>\$ 29,585</u>	<u>\$ 53,912</u>	<u>\$ -</u>	<u>\$ 2,700</u>

TOWN OF HARWINTON, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Food Pantry Fund</u>	<u>Health and Safety Fund</u>	
<u>Revenues:</u>			
Intergovernmental	\$ -	\$ -	\$ 6,583
Charges for services	-	-	49,676
Investment income	4	3	4,037
Miscellaneous	5,985	8,873	50,154
<u>Total Revenues</u>	<u>5,989</u>	<u>8,876</u>	<u>110,450</u>
<u>Expenditures:</u>			
Current:			
General government	10,513	1,317	51,436
Public safety	-	-	52,429
<u>Total Expenditures</u>	<u>10,513</u>	<u>1,317</u>	<u>103,865</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,524)</u>	<u>7,559</u>	<u>6,585</u>
<u>Other Financing Sources (Uses):</u>			
Transfers In	-	-	1,500
Transfers Out	-	-	(3,013)
<u>Total Other Financing sources (Uses):</u>	<u>-</u>	<u>-</u>	<u>(1,513)</u>
<u>Net Change in Fund Balances</u>	<u>(4,524)</u>	<u>7,559</u>	<u>5,072</u>
<u>Fund Balances Beginning of Year</u>	<u>33,123</u>	<u>16,462</u>	<u>333,979</u>
<u>Fund Balances End of Year</u>	<u>\$ 28,599</u>	<u>\$ 24,021</u>	<u>\$ 339,051</u>

TOWN OF HARWINTON, CONNECTICUT
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	<u>Henri David Memorial Fund</u>	<u>Julie & William Barber Memorial Fund</u>	<u>Recreation Enrichment</u>	<u>Jamie Kirchner Memorial Fund</u>	<u>Alfred Trust Fund</u>	<u>Total</u>
<u>Assets</u>						
Cash and cash equivalents	\$ -	\$ 36,597	\$ -	\$ 11,309	\$ 60,632	\$ 108,538
Due from other funds	-	-	10,747	-	-	10,747
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Assets</u>	<u>\$ -</u>	<u>\$ 36,597</u>	<u>\$ 10,747</u>	<u>\$ 11,309</u>	<u>\$ 60,632</u>	<u>\$ 119,285</u>
<u>Liabilities</u>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>						
Restricted for Individual and Organizations	-	36,597	10,747	11,309	60,632	119,285
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Total Net Position</u>	<u>-</u>	<u>36,597</u>	<u>10,747</u>	<u>11,309</u>	<u>60,632</u>	<u>119,285</u>
<u>Total Liabilities and Net Position</u>	<u>\$ -</u>	<u>\$ 36,597</u>	<u>\$ 10,747</u>	<u>\$ 11,309</u>	<u>\$ 60,632</u>	<u>\$ 119,285</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, 2023

	Henri David Memorial Fund	Julie & William Barber Memorial Fund	Recreation Enrichment	Jamie Kirchner Memorial Fund	Alfred Trust Fund	Total
<u>Additions</u>						
Investment income	\$ -	\$ 18	\$ 1	\$ 5	\$ 30	\$ 54
Contributions	-	-	992	-	-	992
<u>Total Additions</u>	<u>-</u>	<u>18</u>	<u>993</u>	<u>5</u>	<u>30</u>	<u>1,046</u>
<u>Deductions</u>						
Community Assistance	792	-	-	-	-	792
<u>Total Deductions</u>	<u>792</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>792</u>
Change in Net Position	(792)	18	993	5	30	254
<u>Net Position Beginning of Year</u>	<u>792</u>	<u>36,579</u>	<u>9,754</u>	<u>11,304</u>	<u>60,602</u>	<u>119,031</u>
<u>Net Position End of Year</u>	<u>\$ -</u>	<u>\$ 36,597</u>	<u>\$ 10,747</u>	<u>\$ 11,309</u>	<u>\$ 60,632</u>	<u>\$ 119,285</u>

TOWN OF HARWINTON, CONNECTICUT
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2023

	<u>Senior Center Funds</u>	<u>Total</u>
<u>Assets</u>		
Cash and cash equivalents	\$ -	\$ -
Due from other funds	8,203	8,203
	<hr/>	<hr/>
<u>Total Assets</u>	<u>\$ 8,203</u>	<u>\$ 8,203</u>
 <u>Liabilities</u>		
Accounts payable	\$ -	\$ -
	<hr/>	<hr/>
<u>Total Liabilities</u>	<u>-</u>	<u>-</u>
 <u>Net Position</u>		
Restricted for Individual and Organizations	8,203	8,203
	<hr/>	<hr/>
<u>Total Net Position</u>	<u>8,203</u>	<u>8,203</u>
	<hr/>	<hr/>
<u>Total Liabilities and Net Position</u>	<u>\$ 8,203</u>	<u>\$ 8,203</u>

TOWN OF HARWINTON, CONNECTICUT
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023

	Senior Center Funds	Total
<u>Additions</u>		
Investment income	\$ 1	\$ 1
Contributions	20,511	20,511
<u>Total Additions</u>	20,512	20,512
<u>Deductions</u>		
Community Assistance	17,855	17,855
<u>Total Deductions</u>	17,855	17,855
Change in Net Position	2,657	2,657
<u>Net Position Beginning of Year</u>	5,546	5,546
<u>Net Position End of Year</u>	\$ 8,203	\$ 8,203

TOWN OF HARWINTON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
FOR THE YEAR ENDED JUNE 30, 2023

Total tax collection including interest and lien fees
for prior fiscal year 17,158,266

Reimbursement for revenue loss on
Tax relief for elderly for prior fiscal year 139

Base 17,158,405

	General Purpose	Schools	Sewers	Urban Renewal
Debt limitation:				
2-1/4 times base	\$ 38,606,411	\$ -	\$ -	\$ -
4-1/2 times base	-	77,212,823	-	-
3-3/4 times base	-	-	64,344,019	-
3-1/4 times base	-	-	-	55,764,816
Total debt limitation	<u>38,606,411</u>	<u>77,212,823</u>	<u>64,344,019</u>	<u>55,764,816</u>

Indebtedness:				
Regional School District #10 town share balance as of preceding fiscal year	<u>-</u>	<u>2,899,922</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>-</u>	<u>2,899,922</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of outstanding and authorized debt	<u>\$ 38,606,411</u>	<u>\$ 74,312,901</u>	<u>\$ 64,344,019</u>	<u>\$ 55,764,816</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 \$ 120,108,835

TOWN OF HARWINTON, CONNECTICUT
 REPORT OF THE TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2023

Grand List October 1	Balances 6/30/2022	Current Levy	Lawful Corrections		Transfers To Suspense	Collectable Taxes	Collections			Balances 6/30/2023	
			Additions	Deductions			Taxes	Interest	Lien and Fees		Total
2021	\$ -	\$17,671,858	\$ 16,344	\$ 70,970	\$ 780	\$17,616,452	\$17,561,467	\$ 41,141	\$ 7,067	\$17,609,675	\$ 54,985
2020	57,696	-	3,410	1,235	327	59,544	43,794	8,396	1,902	54,092	15,750
2019	9,779	-	2,807	310	1,046	11,230	8,800	2,607	219	11,626	2,430
2018	533	-	275	-	454	354	105	69	6	180	249
2017	111	-	-	111	-	-	-	-	-	-	-
Totals	<u>\$ 68,119</u>	<u>\$17,671,858</u>	<u>\$ 22,836</u>	<u>\$ 72,626</u>	<u>\$ 2,607</u>	<u>\$17,687,580</u>	<u>\$17,614,166</u>	<u>\$ 52,213</u>	<u>\$ 9,194</u>	<u>\$17,675,573</u>	<u>\$ 73,414</u>

TOWN OF HARWINTON, CONNECTICUT
 REPORT OF THE TAX COLLECTOR FOR SEWER USAGE FEES
 FOR THE YEAR ENDED JUNE 30, 2023

October 1	Balances	Current Levy	Lawful Corrections		Collectable Taxes	Collections				Transfers To Suspense	Balances
	6/30/2022		Additions	Deductions		Taxes	Interest	Lien and Fees	Total		6/30/2023
2021	\$ -	\$ 65,500	\$ 2,125	\$ -	\$ 67,625	\$ 67,625	\$ 1,122	\$ 48	\$ 68,795	\$ -	\$ -
2020	248	-	2	-	250	250	79	24	353	-	-
2019	-	-	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 248</u>	<u>\$ 65,500</u>	<u>\$ 2,127</u>	<u>\$ -</u>	<u>\$ 67,875</u>	<u>\$ 67,875</u>	<u>\$ 1,201</u>	<u>\$ 72</u>	<u>\$ 69,148</u>	<u>\$ -</u>	<u>\$ -</u>



Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

To the Board of Finance
Town of 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, business-type activities, each major fund, and the aggregate remaining fund information of the, as of and for the year ended June 30, 2023, 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 29, 2023.

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 Town of Harwinton, Connecticut'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.



Report on 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 29, 2023
Canaan Connecticut



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

To the Board of Directors
Town of Harwinton, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Harwinton, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Harwinton, Connecticut's major state programs for the year ended June 30, 2023. The 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.

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

Basis for Opinion on Each Major State Program

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

We are required to be independent of the Town of Harwinton, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Harwinton, Connecticut's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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



Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Harwinton, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Harwinton, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Harwinton, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Harwinton, Connecticut and the related notes to the financial statements, which collectively comprise the Town of Harwinton, Connecticut's basic financial statements as of and for the year ended June 30, 2023, and have issued our report thereon dated December 29, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



Sinnamon & Associates, LLC
Certified Public Accountants

December 29, 2023
Canaan Connecticut

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

<u>State Grantor/Pass Through Grantor/Program Title</u>	<u>State Grant Program CORE-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
<u>Office of Policy and Management:</u>			
Property tax relief on property of totally disabled persons	11000-OPM20600-17011	\$ -	\$ 205
Local capital improvement program (LOCIP)	12050-OPM20600-40254	-	42,281
Property tax relief for Veterans	11000-OPM20600-17024	-	485
Municipal purposes & projects	12052-OPM20600-43587	-	21,506
Tiered PILOT	11000-OPM20600-17111	-	7,283
MRSA- Tiered PILOT	12060-OPM20600-35691	-	1,968
Tiered Payment in Lieu of Taxes (PILOT)	12060-OPM20600-35458	-	107,348
		<u>-</u>	<u>181,076</u>
<u>Judicial Branch</u>			
Judicial fines and fees	34001-JUD95162-40001	-	8,295
<u>Department of Transportation:</u>			
Town aid road grants transportation fund	12052-DOT57131-43455	-	113,659
Town aid road grants transportation fund - STO	13033-DOT57131-43459	-	113,659
		<u>-</u>	<u>227,318</u>
<u>Connecticut State Library</u>			
Historic documents preservation grant	12060-CSL66094-35150		5,500
Connecticard	11000-CSL66051-17010	-	1,083
		<u>-</u>	<u>6,583</u>
<u>Economic and Community Development</u>			
Small Town Economic Assistance Program Grant	12052-ECD46200-40530	-	56,721
		<u>-</u>	<u>56,721</u>
<u>Total State Financial Assistance Before Exempt Programs</u>		<u>-</u>	<u>479,993</u>
<u>Exempt Programs</u>			
<u>Department of Education:</u>			
Education Cost Sharing	11000-SDE64370-17041	-	2,451,411
<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>		<u>-</u>	<u>2,494,123</u>
<u>Total State Financial Assistance</u>		<u>\$ -</u>	<u>\$ 2,974,116</u>

See notes to schedule

TOWN OF HARWINTON, CONNECTICUT

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

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

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	___ Yes	___ X No
Significant deficiency(s) identified	___ Yes	___ X 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?

	___ Yes	___ X 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	\$ 113,659
Town aid road grants transportation fund - STO	13033-DOT57131-43459	113,659
<u>Office of Policy and Management:</u>		
Local capital improvement program (LOCIP)	12050-OPM20600-40254	42,281
Tiered Payment in Lieu of Taxes (PILOT)	12060-OPM20600-35458	107,348
<u>Economic and Community Development</u>		
Small Town Economic Assistance Program Grant	12052-ECD46200-40530	56,721

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

II - FINANCIAL STATEMENTS FINDINGS

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any matters required to be reported in accordance with the State Single Audit Act.