

CROMWELL FIRE DISTRICT

CROMWELL, CONNECTICUT

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2022**

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

**REQUIRED SUPPLEMENTARY
INFORMATION,**

OTHER SUPPLEMENTARY INFORMATION,

AND

**GOVERNMENTAL AUDITING
STANDARDS REPORT**



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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Cromwell Fire District
Cromwell, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cromwell Fire District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District'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 District, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, during the year ended June 30, 2022, the District adopted GASB Statement No. 87, *Leases*. As a result of the implementation of this standard, the District reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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' Responsibilities 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 auditors' 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 District'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 District'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 4-16, the budgetary comparison information on page 62, and the pension schedules on pages 63 – 69 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 District's basic financial statements. The combining balance sheet of nonmajor governmental funds, the combining statement of revenue, expenditures and changes in fund balances of nonmajor governmental funds, report of the property tax collector, and schedule of debt limitation are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combining balance sheet of nonmajor governmental funds, the combining statement of revenue, expenditures and changes in fund balances of nonmajor governmental funds, report of the property tax collector, and schedule of debt limitation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2023, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut

March 25, 2023

CROMWELL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

This discussion and analysis of Cromwell Fire District's (the District) financial performance is prepared by management to provide an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read this MD&A in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's combined net position *increased* by 4.3% from a year ago. Combined net position amounted to \$24,146,383 as of June 30, 2022. Over time, *increases* in net position are an indicator that the District's financial position is improving.
- Net position for the District's governmental activities *increased* to \$8,437,193 from \$7,640,388 as of June 30, 2021. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, *decreased* from \$2,074,573 at June 30, 2021 to \$2,034,549 at the end of this year.
- The District's total revenue was \$8,886,839 (net of transfers). The total cost of all programs and services was \$7,890,779 (net of transfers).
- The General Fund unassigned fund balance at June 30, 2022 is \$1,258,124.
- The tax collection rate for the current tax levy was 98.8%. Total tax and interest collections of \$4,618,515 were *over* the budgeted estimate by \$105,443.
- Ambulance billings amounted to \$707,979. Billable call volume *increased* from 1,337 in fiscal 2021 to 1,603 in fiscal 2022.
- The District's share of fund balance of the Public Safety Communications Tower Fund is \$787,510 as of June 30, 2022. This balance is earmarked to finance communication systems, public safety tower structural replacements and upgrades, and other Fire Department capital programs but is also available to finance operating costs if needed.
- Water Division operating income/(loss) amounted to \$165,851 and the change in net position after transfers, capital contributions, and non-operating revenue and interest expenses amounted to \$199,255. Water Division net position *increased* from \$15,509,935 as of June 30, 2021 to \$15,709,190 as of June 30, 2022.
- The District has an 'AA' long-term bond rating with a stable outlook from Standard and Poor's.

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of the Cromwell Fire District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022; as such, it should be read in conjunction with the District's audited financial statements. The District's financials consists of two series of financial statements: Government-Wide and Fund Financial Statements. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent.

- 1) Government-Wide Financial Statements - These statements, which include the Statement of Net Position and the Statement of Activities, provide information about the activity of the District as a whole. These statements also present a longer-term view of the District's finances by presenting all assets, liabilities, net position, revenues, and expenses on the *accrual basis of accounting*, which is similar to the accounting methods used by many private-sector companies.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

BASIC FINANCIAL STATEMENTS (Continued)

For purposes of the government-wide financial statements, the Cromwell Fire District is divided into two kinds of activities:

- a) Governmental Activities – The majority of the District's services are reported here, including fire protection and general administration. These activities are financed primarily through an annual levy of property taxes.
 - b) Business-Type Activities – This consists of one proprietary fund called the Water Division, which derives its funding primarily from water sales to customers.
- 2) Fund Financial Statements - For governmental activities, these statements present how the services provided by the District were financed in the short term as well as what remains for future spending. Additionally, these statements report the District's activities in greater detail by highlighting the District's most significant funds. The District's funds are separated into three types:
- a) Governmental Funds – Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the *modified accrual basis of accounting*, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations; these statements help you to determine whether there are more or fewer financial resources that can be spent in the near future to finance District operations. We describe the relationship (or differences) between governmental *activities* (reported in the government-wide financial statements) and government *funds* in a reconciliation at the bottom of the fund financial statements.
 - b) Proprietary Funds – When the District charges its residents for water, it reports this activity in its proprietary fund. Proprietary funds are reported in the same way that all activities are reported in the government-wide financial statements.
 - c) Fiduciary Funds – The District is the administrator of a single employer defined benefit pension plan that covers individuals who have provided volunteer services to the Cromwell Fire Department. The Volunteer's Pension Plan is considered to be part of the District's financial reporting entity and is included in the District's financial reports as a pension trust fund. The District is also responsible for other assets that are in the Volunteer Activity Fund. These assets can only be used for specific volunteer activities as specified in the Fire Department's By-Laws. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

CONDENSED GOVERNMENT-WIDE STATEMENTS

Because the Cromwell Fire District implemented a change in accounting principle when it adopted GASB Statement No 87, Leases, involving the restatement of assets and deferred inflows of resources and the recharacterization of certain revenues, the combined statement of financial position and change in net position of governmental activities for the 2021-2022 fiscal year are not presented in comparative format with the prior fiscal year. Future District statements will include comparative schedules in the Management's Discussion and Analysis.

Presented below are condensed versions of the government-wide financial statements.

Statement of Net Position

	Governmental Activities	Business-Type Activities		Increase
	2022	2022	2021	(Decrease)
Current and other assets	\$ 6,720,154	\$ 2,971,407	\$ 2,681,276	\$ 290,131
Capital assets, net	10,058,420	14,657,623	15,031,694	(374,071)
Deferred outflows of resources	1,383,034	261,079	295,022	(33,943)
Total assets	<u>\$ 18,161,608</u>	<u>\$ 17,890,109</u>	<u>\$ 18,007,992</u>	<u>\$ (117,883)</u>
Current liabilities	\$ 285,819	\$ 356,961	\$ 366,829	\$ (9,868)
Non-current liabilities	5,807,527	1,811,666	1,826,672	(15,006)
Deferred inflows of resources	3,631,069	12,292	304,556	(292,264)
Total liabilities	9,724,415	2,180,919	2,498,057	(317,138)
Net position				
Invested in capital assets, net of related debt	6,371,516	12,343,405	12,748,567	(405,162)
Restricted	31,128	-	-	-
Unrestricted	2,034,549	3,365,785	2,761,368	604,417
Total net position	8,437,193	15,709,190	15,509,935	199,255
Total liabilities and net position	<u>\$ 18,161,608</u>	<u>\$ 17,890,109</u>	<u>\$ 18,007,992</u>	<u>\$ (117,883)</u>

Current and other assets in the governmental activities *increased* during the fiscal year ended June 30, 2022 due to an *increase* in cash and cash equivalents related to the issuance of debt during the fiscal year. The District's capital assets had a net *increase* from radio system improvements and other capital additions. Deferred outflows of resources *increased* due to changes in projected pension investment earnings. Non-current liabilities in the governmental activities *increased* in the 2021-2022 fiscal year due to an increase in bonded debt payable. Deferred inflows of resources *increased due to the implementation of GASB Statement No 87, Leases*.

Current and other assets in the business-type activities *increased* during the fiscal year ended June 30, 2022 due to an *increase* in cash and cash equivalents at year end. The Water Division's capital assets had a net *decrease* from annual depreciation expense. Deferred outflows of resources *decreased* primarily due to amortization relating to the West Street complex.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Significant capital outlays (>\$5,000) are being recorded as District capital assets and are being depreciated over their estimated useful lives. Capital assets presented here are shown net of their accumulated depreciation. Net position has been separated into three categories on the District's financial statements: 1) Invested in capital assets, net of related debt, 2) Restricted and 3) Unrestricted net position. Because capital assets are not very liquid (i.e. easily converted to cash), the District's equity in these assets has been separated and labeled as such. Unrestricted net position, however, represents the liquid portion of the District's net position that can be used to finance daily operations without constraints.

Statement of Activities

	Governmental	Business-Type Activities		Increase (Decrease)
	Activities	2022	2021	
Revenues				
Program revenues				
Charges for services	\$ 1,263,855	\$ 2,494,006	\$ 2,467,317	\$ 26,689
Grants and contributions				
Operating	324,469	-	-	-
Capital	113,334	-	25,334	(25,334)
General revenues				
Property taxes, interest and lien fees	4,628,795	-	-	-
Interest and miscellaneous income	21,748	40,632	69,265	(28,633)
Transfers	(6,000)	6,000	6,000	-
Total revenues	<u>6,346,201</u>	<u>2,540,638</u>	<u>2,567,916</u>	<u>(27,278)</u>
Program expenses				
Administration and finance	581,286	-	-	-
Public safety	4,907,678	-	-	-
Interest on long-term debt	60,432	13,228	18,325	(5,097)
Water services	-	2,328,155	2,142,331	185,824
Total expenses	<u>5,549,396</u>	<u>2,341,383</u>	<u>2,160,656</u>	<u>180,727</u>
Change in net position	796,805	199,255	407,260	(208,005)
Net position,				
Beginning of year	<u>7,640,388</u>	<u>15,509,935</u>	<u>15,102,675</u>	<u>407,260</u>
End of year	<u>\$ 8,437,193</u>	<u>\$ 15,709,190</u>	<u>\$ 15,509,935</u>	<u>\$ 199,255</u>

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Governmental Activities

The two primary sources of revenue used to finance governmental activities are property taxes and charges for services. Property taxes amounted to 75% of total revenue, which is a small increase from the previous year (74%). Charges for services amounted to 17% of total revenue, which is a small decrease from the previous year (18%). Total revenues *increased* by 26% from the previous year. This is primarily the result of an *increase* in revenue from property taxes, charges for services and other revenue. Charges for services include \$707,979 in ambulance billings and \$366,064 for fees related to the use of the Public Safety Communications Tower owned by the District.

The table below presents the cost of each of the District's programs. Public safety includes the operation of the Fire Department, EMS services, emergency communications and dispatch, signals and alarms and the office of the Fire Marshal. Administration and finance reflect the Fire Department's share of the total cost of administration for the District.

The net cost of services reflects the financial impact on the District's taxpayers by each of these functions:

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Administration and finance	\$ 581,286	\$ 989,980	\$ 581,286	\$ 989,980
Public safety	4,907,678	3,870,644	3,319,354	2,584,424
Interest and miscellaneous income	60,432	70,661	60,432	70,661
Totals	<u>\$ 5,549,396</u>	<u>\$ 4,931,285</u>	<u>\$ 3,961,072</u>	<u>\$ 3,645,065</u>

The total cost of services, as reflected in the above schedule, *increased* by \$618,111 or approximately 13%. This *increase* was the result of a \$408,694 *decrease* in administration costs, a \$1,037,034 *increase* in public safety costs, and a *decrease* of \$10,229 in interest and miscellaneous expense.

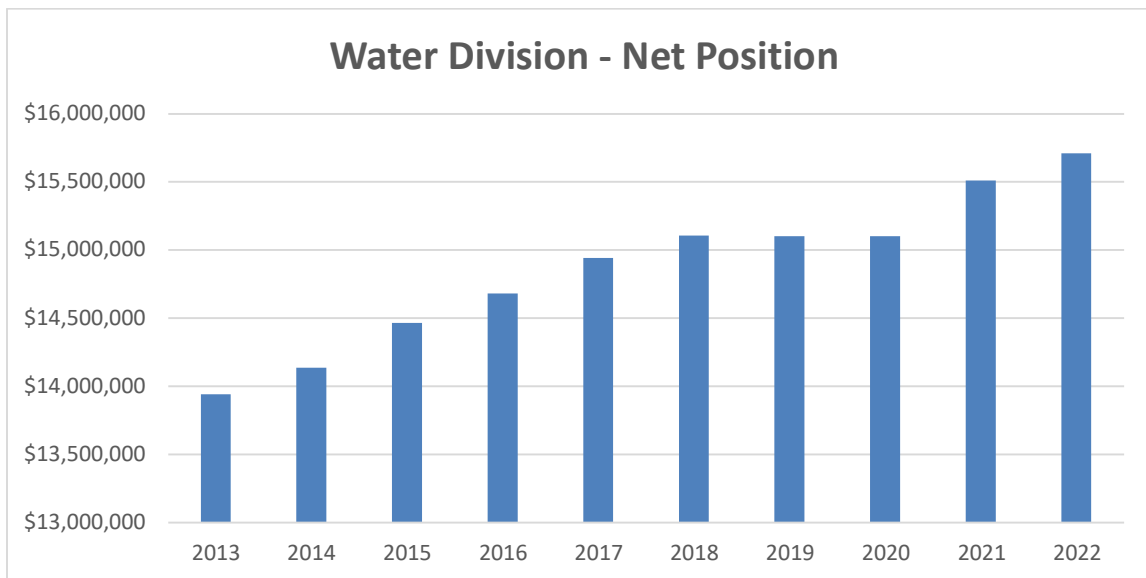
The net cost of services *increased* by \$316,007, or approximately 9%, primarily as a result of the *increase* in public safety costs mentioned above.

CROMWELL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

CONDENSED GOVERNMENT-WIDE STATEMENTS *(Continued)*

Business-Type Activities

The District, through its Water Division, owns and operates the water distribution, pumping and treatment facilities which service the Town of Cromwell. The District's Water Division is reported as a business-type activity, and these services are financed by fees charged to customers. For the year ending June 30, 2022, metered sales amounted to \$2,144,118. This was an *increase* of 1.1% from the previous year. Water Division operating net income/(loss) amounted to \$165,851 as compared to \$324,986 for 2020-2021. Net income/(loss) after transfers, capital contributions, and non-operating revenue and interest expenses amounted to \$199,255, a *decrease* of \$208,005 from the previous year. Water Division net position *increased* from \$15,509,935 as of June 30, 2021 to \$15,709,190 as of June 30, 2022. The chart presented below reflects a ten-year comparison of the net position of the Water Division from 2013 to 2022.



The District services 4,237 accounts, of which 3,808 are residential, 405 are commercial, and 24 are industrial.

The District's groundwater system consists of four active production wells with a combined pumping rate of approximately 10.5 million gallons per day. Similar to prior years, the maximum daily demand in fiscal 2022 was 3,500,000 gallons providing the District with a surplus of over six million gallons a day. This surplus in system capacity enables the District to rotate and rest wells, and provides the potential to supply additional water to surrounding communities. The District currently provides water to a portion of Berlin, Connecticut.

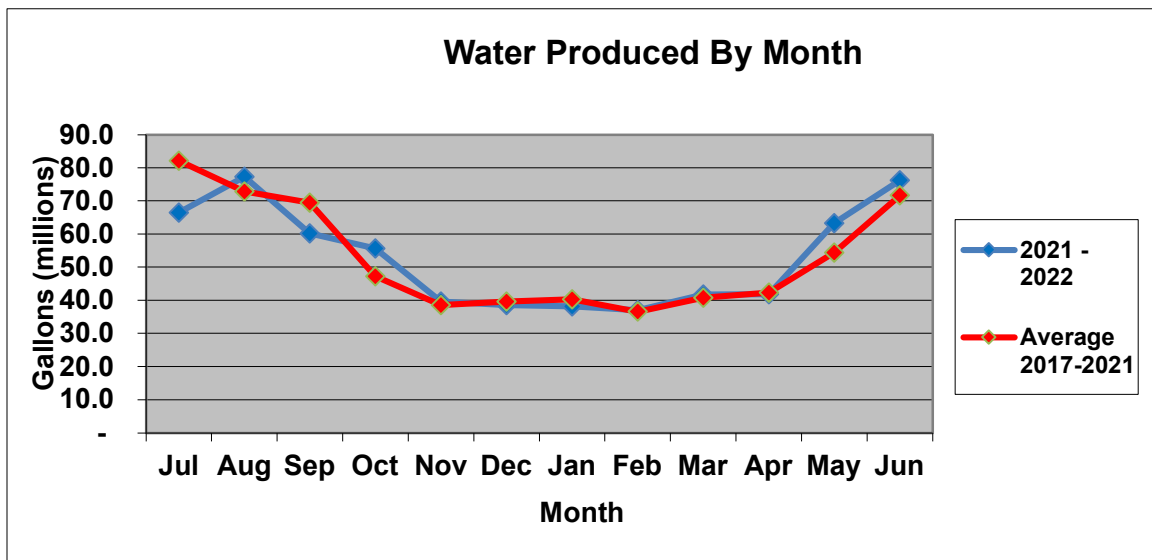
CROMWELL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

CONDENSED GOVERNMENT-WIDE STATEMENTS *(Continued)*

Business-Type Activities *(Continued)*

In addition, the system includes a treatment facility, a high service pump station and a three-million-gallon underground storage reservoir. The District's chemical feed and control facility includes some of the most advanced technology and monitoring systems that are available in the industry today. None of the District's water supply is derived from open reservoirs or above ground water sources. Presented below are a table and a graph showing FY2022 versus a five-year monthly comparison of water produced and a five-year monthly average:

Month	Fiscal Year						2017-2021 Average	2022/Avg Monthly	%
	2017	2018	2019	2020	2021	2022			
Jul	89.8	70.7	80.3	83.0	86.9	66.5	82.1	(15.7)	-19.1%
Aug	75.4	66.6	66.5	75.8	80.1	77.3	72.9	4.4	6.1%
Sep	70.6	64.8	57.6	78.7	75.7	60.2	69.5	(9.3)	-13.4%
Oct	47.3	51.4	42.0	43.3	52.5	55.6	47.3	8.3	17.6%
Nov	39.8	36.3	35.7	37.1	43.9	39.7	38.6	1.1	2.8%
Dec	40.2	36.5	37.4	39.2	44.5	38.5	39.6	(1.0)	-2.6%
Jan	40.8	38.7	38.6	39.9	43.4	38.1	40.3	(2.1)	-5.3%
Feb	36.4	35.8	35.0	36.7	39.1	37.0	36.6	0.4	1.1%
Mar	40.4	39.4	40.8	40.5	42.5	41.7	40.7	1.0	2.4%
Apr	41.4	39.8	41.3	41.3	47.9	41.8	42.3	(0.5)	-1.2%
May	49.9	53.9	46.5	53.4	68.3	63.3	54.4	8.9	16.3%
Jun	61.3	77.7	61.5	78.9	79.1	76.2	71.7	4.5	6.3%
Total	633.3	611.6	583.2	647.8	703.9	635.9	636.0	(0.0)	



**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The District currently maintains seven (7) governmental funds, two (2) of which the District considers major funds: the General Fund and the Capital Projects Fund, and five (5) which the District considers nonmajor funds: the Public Safety Communications Tower Fund, the Fire Department Trust Fund, the Sick Benefits Fund, the Memorial Fund, and the Neto Student Benefits Fund.

As the District completed the year, its governmental funds reported a combined fund balance of \$3,929,435 as compared with a balance of \$2,672,112 a year ago. A schedule of the various components of the governmental fund balances is presented below:

	<u>2022</u>	<u>2021</u>
General fund	\$ 1,559,382	\$ 1,174,229
Capital projects:		
Equipment reserve fund	1,465,355	797,423
Public safety communications tower fund	787,510	553,735
Non-major special revenue funds:		
Fire department fund	21,189	50,477
Sick benefits fund	64,871	64,838
Scholarship & Memorial fund	25,582	25,864
Neto student benefits fund	5,546	5,546
Total governmental funds	<u>\$ 3,929,435</u>	<u>\$ 2,672,112</u>

The *increase* in the General Fund total fund balance reflects the results from 2021-2022 budgetary operations. The District's results from budgetary operations had a *positive* variance of \$385,153.

The *increase* in the Equipment Reserve Fund is a result of the proceeds from long term debt during the fiscal year exceeding expenditures. Proceeds from long term debt were \$2,000,000. Expenditures were made in accordance with the District's five-year capital plan. Total expenditures amounted to \$1,359,724 of which \$1,152,121 was capitalized.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (*Continued*)

Governmental Funds (*Continued*)

The funding for these projects came from transfers from the proceeds from long term debt (\$2,000,000) and transfers from the Fire Department Trust Fund (\$25,000).

The *increase* in the Public Safety Communications Tower Fund reflects the results of 2021-2022 operations.

The following funds represent trust funds for the Fire Department:

- Fire Department Fund
- Hardship Benefit Fund (Sick Fund)
- Scholarship & Memorial Fund
- Neto Student Benefit Fund

The operation of these trust funds is governed by the By-Laws of the Department and not the By-Laws of the District. All monies received by the Department by gift or donations are deposited into these funds. The funds may be used for general or specific expenses of the Department not covered by the District's annual budget or such other expenditures as defined in the Department's By-Laws.

General Fund Budgetary Highlights

The Board of Commissioners made no additional appropriations or transfers to the 2021-2022 fiscal year approved budget.

Overall actual revenues were *over* budget in total by \$248,938 and actual expenditures were *under* budget by \$301,658, with each individual budget line item varying differently in the amount of its variance with the budget.

The two primary sources that finance General Fund operations are property taxes and ambulance billings. Tax collections for the current year's levy amounted to \$4,567,467. The tax collection rate for the current levy was 98.8%.

Ambulance billings amounted to \$707,979 as compared with \$597,323 for 2020-2021. This represents a 18.5% *increase* in revenue. The District's charges for ambulance services are controlled by the State of Connecticut Department of Public Health. The authorized State rate for basic services was \$836 as of June 30, 2022. The Medicare rate is \$430.50. Regardless of the actual number of requests for service (911 calls), only completed calls result in a billable event. Cancellations, refusals, stand-by and such do not result in any revenue, yet the District must expend resources to have an ambulance staffed and able to respond.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (*Continued*)

General Fund Budgetary Highlights (*Continued*)

The following factors have contributed to the *increase* in ambulance billings:

- Billable calls *increased* from 1,337 in 2020-21 to 1,603 in 2021-22. The billable call volume for 2021-22 represented a 19.9% *increase* from 2020-21.
- The average billable call amount *increased* primarily due to the *increase* in the authorized State rate for basic services.

General Fund expenditures include the District's public safety operations (Fire and EMS Services). Total General Fund expenditures for the year ended June 30, 2022 amounted to \$5,249,656. This was \$301,658 *less* than the adjusted budget.

General Fund revenues *exceeded* expenditures by \$385,153. The General Fund available fund balance as of June 30, 2022, is \$1,258,124 or 23.97% of 2021-2022 General Fund expenditures.

PUBLIC SAFETY COMMUNICATIONS TOWER FUND

The Cromwell Fire District owns a 170-foot communications tower, including appurtenances and equipment buildings. The Tower is utilized for District and town wide public safety communication purposes. The District also leases tower space to various cellular phone companies and other organizations requiring antennas for communications systems. Operations of the Tower are under control of a Public Safety Tower Committee made up of representatives from the District and the Town of Cromwell Police Department. Net revenues from the Tower are shared equally between the District and the Town. Revenues from Tower leases amounted to \$485,243 for the year ended June 30, 2022. The District's share of the fund balance of the Public Safety Communications Tower Fund is \$787,510 as of June 30, 2022. Within the fund the Public Safety Tower Committee established a reserve account for financing the future public safety tower structural replacements and upgrades. There was a contribution of \$153,463 to the reserve account for 2021-22. During the fiscal year there were charges of \$121,327 to the reserve account and the balance is \$156,143 as of June 30, 2022. The remaining fund balance of \$631,367 is available to finance communication systems and other Fire Department capital programs.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2022, the District had over \$44.6 million invested in various capital assets as listed below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 305,000	\$ 147,152	\$ 452,152
Construction in process	3,355,707	21,000	3,376,707
Buildings and improvements	7,203,928	23,009,290	30,213,218
Vehicles	4,750,533	278,669	5,029,202
Equipment	3,398,190	2,184,463	5,582,653
Total	<u>\$ 19,013,358</u>	<u>\$ 25,640,574</u>	<u>\$ 44,653,932</u>

During the fiscal year ended June 30, 2022, the District added \$977,977 of depreciable capital assets to its governmental activities. These additions included the following:

- Fire Engine 1 (\$919,479)
- Spreader (\$16,441)
- Inclined cutter (\$14,591)
- Chest compression system (\$14,465)
- Standardized locking system (\$13,001)

For its business-type activities, the District added \$70,119 of depreciable capital assets which included the following:

- Bobcat (\$50,168)
- Plate compactor (\$7,797)
- Flail mower (\$6,603)
- Breaker hammer (\$5,551)

Additional information on the District's capital assets can be found in *Notes 6* and *7* to the financial statements.

Noncurrent Liabilities

For its governmental activities, the District received proceeds of \$2,000,000 and made principal payments totaling \$502,857 on its bonds payable long-term debt and amortized \$8,993 on the premium on bonds payable. Total indebtedness in the form of bonds and premiums at June 30, 2022 was \$4,591,845. Other obligations at June 30, 2022 include \$1,013,106 of pension liability, \$23,994 of accrued interest, and \$91,770 of accrued compensated absences.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Noncurrent Liabilities *(Continued)*

For its business-type activities, the District received proceeds of \$250,000 and made principal payments totaling \$578,879 on its bonds payable long-term debt and amortized \$16,185 on the premium on bonds payable. Total indebtedness in the form of bonds and premiums at June 30, 2022 was \$1,401,592. Other obligations at June 30, 2022 include \$33,025 of net pension liability and \$61,086 of accrued compensated absences.

Additional information on the District's long term debt can be found in *Notes 7 and 8* to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate in the Town of Cromwell was 3.4% as of June 2022, versus 5.2% as of June 2021. This compares favorably with the Hartford Labor Market area's unemployment rate of 4.4% and the State rate of 4.0%.

The following information is from the U.S. Census Bureau's 2021 American Community Survey 5-Year Estimates. Median household income was \$94,468 for Cromwell versus \$94,887 for the county and \$83,771 for the State. The percent of families below poverty level was 5.4% for the Town. The county percentage was 5.7% and the State's was 10.1%.

General Fund

At the District's annual budget meeting on May 23, 2022, voters approved the proposed 2022-2023 budget. The General Fund budget for 2022-2023 reflects revenues of \$5,782,816, operating expenditures of \$5,465,002, capital transfers of \$169,309 and debt service expenditures of \$492,814. The 2022-2023 budget projects the use of \$175,000 in available General Fund fund balance to balance revenues with expenditures. The District's mill rate remained at 3.0 mills for the 2022-2023 fiscal year.

General Fund revenues are projected to increase by 7.3% primarily as a result of an increase in property tax revenue (\$175,552) and other financing sources (\$378,158).

General Fund expenditures reflect an increase of 7.3% over the current budget. An increase in EMS/Fire Operations costs (\$337,816) and an increase in Operating Transfers Out (\$169,309) which was offset by a reduction in the Insurance & Employee Benefits costs (\$78,765) are the primary factors.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES *(Continued)*

Water Division Enterprise Fund

The total projected revenue for the Water Division is \$2,650,500. This represents an increase of 6.2% from the current year. The projected increase in revenue is primarily a result of a 15% rate increase which became effective January 1, 2022. The 2022-2023 budget does not include the use of available fund balance to balance revenues with expenditures.

The operating budget for the Water Division, which amounts to \$1,881,412, is an increase of 6.1% compared to 2021-2022. Projected operating revenues exceed operating expenditures by \$769,088. Net results of operations reflect a balanced budget after taking into consideration capital transfers (\$385,072) and the payment of debt service (\$384,016).

Capital Budget

The budget for the Equipment Reserve Fund includes:

1. \$30,000 for Turnout Gear
2. \$20,000 for SCBA equipment
3. \$80,715 for Phone System replacement
4. \$112,000 for Equipment & Vehicle replacements
5. \$25,000 for Strategic Plan Development

There is a General Fund contribution of \$169,309 to the Equipment Reserve Fund for fiscal 2022-2023. The projected balance for the Equipment Reserve Fund at the end of the 2022-2023 fiscal year is \$1,021,000.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director of the Cromwell Fire District, One West Street, Cromwell, Connecticut 06416.

BASIC FINANCIAL STATEMENTS

CROMWELL FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,912,098	\$ 1,377,880	\$ 5,289,978
Receivables, current portion, net	489,900	1,458,686	1,948,586
Prepaid expenses	126,258	65,699	191,957
Inventory	-	69,142	69,142
Total current assets	4,528,256	2,971,407	7,499,663
NONCURRENT ASSETS			
Receivables, net of current portion	2,191,898	-	2,191,898
Capital assets, non-depreciable	3,660,707	168,152	3,828,859
Capital assets, net of accumulated depreciation	6,397,713	14,489,471	20,887,184
Total noncurrent assets	12,250,318	14,657,623	26,907,941
Total assets	16,778,574	17,629,030	34,407,604
DEFERRED OUTFLOWS OF RESOURCES			
West Street Complex contribution	-	113,333	113,333
Changes in pension assumptions	125,995	7,001	132,996
Changes in projected pension investment earnings	662,835	-	662,835
Changes in proportional share	157,859	-	157,859
Changes in actuarial experience	171,132	140,745	311,877
Pension contributions made subsequent to the Measurement date	265,213	-	265,213
Total deferred outflows of resources	1,383,034	261,079	1,644,113
Total assets and deferred outflows of resources	\$ 18,161,608	\$ 17,890,109	\$ 36,051,717

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES			
Accounts payable	\$ 230,501	\$ 43,686	\$ 274,187
Accrued expenses	46,614	14,891	61,505
Unearned revenue	8,704	298,384	307,088
Total current liabilities	285,819	356,961	642,780
NONCURRENT LIABILITIES			
Due within one year	510,530	438,454	948,984
Due in more than one year	5,296,997	1,373,212	6,670,209
Total noncurrent liabilities	5,807,527	1,811,666	7,619,193
Total liabilities	6,093,346	2,168,627	8,261,973
DEFERRED INFLOWS OF RESOURCES			
Changes in projected pension investment earnings	666,783	-	666,783
Changes in actuarial experience	631,321	12,292	643,613
Leases	2,219,632	-	2,219,632
West Street Complex contribution	113,333	-	113,333
Total deferred inflows of resources	3,631,069	12,292	3,643,361
NET POSITION			
Invested in capital assets, net of related debt	6,371,516	12,343,405	18,714,921
Restricted	31,128	-	31,128
Unrestricted	2,034,549	3,365,785	5,400,334
Total net position	8,437,193	15,709,190	24,146,383
Total liabilities, deferred inflows of resources, and net position	\$ 18,161,608	\$ 17,890,109	\$ 36,051,717

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Administration and finance	\$ 581,286	\$ -	\$ -	\$ -	\$ (581,286)	\$ -	\$ (581,286)
Public safety	4,907,678	1,263,855	324,469	113,334	(3,206,020)	-	(3,206,020)
Interest on long-term debt	60,432	-	-	-	(60,432)	-	(60,432)
Total governmental activities	5,549,396	1,263,855	324,469	113,334	(3,847,738)	-	(3,847,738)
BUSINESS-TYPE ACTIVITIES							
Water services	2,328,155	2,494,006	-	-	-	165,851	165,851
Interest on long-term debt	13,228	-	-	-	-	(13,228)	(13,228)
Total business-type activities	2,341,383	2,494,006	-	-	-	152,623	152,623
Total primary government	<u>\$ 7,890,779</u>	<u>\$ 3,757,861</u>	<u>\$ 324,469</u>	<u>\$ 113,334</u>	(3,847,738)	152,623	(3,695,115)
GENERAL REVENUES							
					4,628,795	-	4,628,795
					21,748	40,632	62,380
					(6,000)	6,000	-
					<u>4,644,543</u>	<u>46,632</u>	<u>4,691,175</u>
					796,805	199,255	996,060
					7,640,388	15,509,935	23,150,323
					<u>\$ 8,437,193</u>	<u>\$ 15,709,190</u>	<u>\$ 24,146,383</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	ASSETS				
	<u>GENERAL FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>PUBLIC SAFETY COMMUNICATIONS TOWER FUND</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and cash equivalents	\$ 1,544,943	\$ 1,488,324	744,837	\$ 133,994	\$ 3,912,098
Receivables, net	358,486	-	2,323,312	-	2,681,798
Prepays	126,258	-	-	-	126,258
Total assets	<u>\$ 2,029,687</u>	<u>\$ 1,488,324</u>	<u>\$ 3,068,149</u>	<u>\$ 133,994</u>	<u>\$ 6,720,154</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 138,423	\$ 22,969	\$ 52,303	\$ 16,806	\$ 230,501
Accrued expenses	46,614	-	-	-	46,614
Unearned revenue	-	-	8,704	-	8,704
Total liabilities	<u>185,037</u>	<u>22,969</u>	<u>61,007</u>	<u>16,806</u>	<u>285,819</u>
DEFERRED INFLOWS OF RESOURCES					
Revenue - unavailable	285,268	-	-	-	285,268
	-	-	2,219,632	-	2,219,632
Total deferred inflows of resources	<u>285,268</u>	<u>-</u>	<u>2,219,632</u>	<u>-</u>	<u>2,504,900</u>
Total liabilities and deferred inflows of resources	<u>470,305</u>	<u>22,969</u>	<u>2,280,639</u>	<u>16,806</u>	<u>2,790,719</u>
FUND BALANCES					
Nonspendable	126,258	-	-	-	126,258
Restricted	-	-	-	31,128	31,128
Committed	-	1,465,355	787,510	86,060	2,338,925
Assigned to balance 2022-2023 budget	175,000	-	-	-	175,000
Unassigned	1,258,124	-	-	-	1,258,124
Total fund balances	<u>1,559,382</u>	<u>1,465,355</u>	<u>787,510</u>	<u>117,188</u>	<u>3,929,435</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,029,687</u>	<u>\$ 1,488,324</u>	<u>\$ 3,068,149</u>	<u>\$ 133,994</u>	<u>\$ 6,720,154</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (*Continued*)
JUNE 30, 2022**

Reconciliation of the Balance Sheet - Governmental Funds

to the Governmental Activities in the Statement of Net Position:

Total fund balances - governmental funds \$ 3,929,435

Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 10,058,420

Other assets or deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred or not recorded in the funds.

Deferred outflows related to changes in pension assumptions.	125,995
Deferred outflows related to changes in projected pension investment earnings.	662,835
Deferred outflows related to changes in proportional share.	157,859
Deferred outflows related to changes in actuarial experience.	171,132
Deferred outflows related to pension contributions made subsequent to the measurement date.	265,213
Receivables outstanding beyond 60 days of fiscal year end.	285,268

Other liabilities or deferred inflows of resources are not due and payable in the current period and therefore are deferred or not recorded in the funds.

Bonds payable	(4,582,857)
Interest payable on bonds	(23,994)
Compensated absences	(86,812)
Bond premium	(8,988)
Pension contribution payable	(91,770)
Deferred contribution - West Street	(113,333)
Deferred inflows related to projected pension investment earnings	(666,783)
Deferred inflows related to pension actuarial experience	(631,321)
Net pension liability	(1,013,106)

Net position of governmental activities \$ 8,437,193

**CROMWELL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	GENERAL FUND	CAPITAL PROJECTS FUND	PUBLIC SAFETY COMMUNICATIONS TOWER FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
General property taxes	\$ 4,618,515	\$ -	\$ -	\$ -	\$ 4,618,515
Intergovernmental	132,289	-	-	-	132,289
Charges for services	707,979	-	366,064	-	1,074,043
Interest income	1,831	-	-	80	1,911
Other revenue	174,195	2,656	119,179	15,330	311,360
Total revenues	<u>5,634,809</u>	<u>2,656</u>	<u>485,243</u>	<u>15,410</u>	<u>6,138,118</u>
EXPENDITURES					
Current					
Administration and finance	585,268	-	-	-	585,268
Public safety	963,720	-	-	-	963,720
Building and utilities	225,356	-	243,808	-	469,164
Training	27,156	-	-	-	27,156
Ambulance operations	1,583,291	-	-	-	1,583,291
Insurance and benefits	1,086,684	-	-	-	1,086,684
Apparatus and equipment	202,208	-	-	-	202,208
Other expenditures	-	-	1,660	19,947	21,607
Capital outlay	-	1,359,724	-	-	1,359,724
Debt Service	575,973	-	-	-	575,973
Total expenditures	<u>5,249,656</u>	<u>1,359,724</u>	<u>245,468</u>	<u>19,947</u>	<u>6,874,795</u>
Excess (deficiency) of revenues over expenditures	<u>385,153</u>	<u>(1,357,068)</u>	<u>239,775</u>	<u>(4,537)</u>	<u>(736,677)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long term debt	-	2,000,000	-	-	2,000,000
Transfers in	-	25,000	-	-	25,000
Transfers out	-	-	(6,000)	(25,000)	(31,000)
	<u>-</u>	<u>2,025,000</u>	<u>(6,000)</u>	<u>(25,000)</u>	<u>1,994,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>385,153</u>	<u>667,932</u>	<u>233,775</u>	<u>(29,537)</u>	<u>1,257,323</u>
FUND BALANCES, beginning of year	1,174,229	797,423	553,735	146,725	2,672,112
FUND BALANCES, end of year	<u>\$ 1,559,382</u>	<u>\$ 1,465,355</u>	<u>\$ 787,510</u>	<u>\$ 117,188</u>	<u>\$ 3,929,435</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Net change in fund balances - total governmental funds	\$ 1,257,323
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital additions	1,152,121
Depreciation expense	(428,344)
<p>Proceeds and repayment of noncurrent liabilities are revenues and expenditures in the governmental funds, respectively; the proceeds increase and the repayment reduces noncurrent liabilities in the statement of net position.</p>	
	(1,006,398)
<p>Revenues, deferred outflows of resources, and certain assets in the government-wide statements that do not provide financial resources are not reported in the funds.</p>	
Net pension asset	(368,628)
Change in unavailable revenues	100,747
Deferred outflows related to changes in pension assumptions	(162,571)
Deferred outflows related to changes in projected pension investment earnings	389,578
Deferred outflows related to changes in proportionate share	(74,978)
Deferred outflows related to pension actuarial experience	47,867
Deferred outflows related to pension contributions made subsequent to the measurement date	96,312
West Street Complex contribution	113,334
<p>Expenses and deferred inflows of resources in the government-wide statements that do not use current financial resources are not reported in the funds.</p>	
Deferred inflows related to changes in projected pension investment earnings	(413,448)
Deferred inflows related to pension actuarial experience	93,890
	93,890
Change in net position of governmental activities	\$ 796,805

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>WATER DIVISION ENTERPRISE FUND</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,377,880
Receivables, net	1,458,686
Prepaid expenses	65,699
Inventory	69,142
Total current assets	<u>2,971,407</u>
NONCURRENT ASSETS	
Capital assets, non-depreciable	168,152
Capital assets, net of accumulated depreciation	14,489,471
Total noncurrent assets	<u>14,657,623</u>
Total assets	17,629,030
DEFERRED OUTFLOWS OF RESOURCES	
Water Street Complex contribution	113,333
Changes in pension assumptions	7,001
Changes in actuarial experience	140,745
Total deferred outflows of resources	<u>261,079</u>
Total assets and deferred outflows of resources	<u>\$ 17,890,109</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	\$ 43,686
Accrued expenses	14,891
Unearned revenue	298,384
Total current liabilities	<u>356,961</u>
NONCURRENT LIABILITIES	
Due within one year	438,454
Due in more than one year	1,373,212
Total noncurrent liabilities	<u>1,811,666</u>
Total liabilities	2,168,627
DEFERRED INFLOWS OF RESOURCES	
Changes in actuarial experience	12,292
Total deferred inflows of resources	<u>12,292</u>
NET POSITION	
Invested in capital assets, net of related debt	12,343,405
Unrestricted	3,365,785
Total net position	<u>15,709,190</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 17,890,109</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	WATER DIVISION ENTERPRISE FUND
OPERATING REVENUES	
Metered sales - general customers	\$ 2,144,118
Revenue from services and seasonal sales	338,611
Employee contributions - other	11,277
Total operating revenues	2,494,006
OPERATING EXPENSES	
Payroll expenses	562,994
Pumping and power	294,711
Purification	53,506
Transmission and distribution	52,963
General administration	261,592
Amortization	113,333
Depreciation	465,190
Maintenance	260,874
Employee benefits	262,992
Total operating expenses	2,328,155
Operating income	165,851
NON-OPERATING REVENUE (EXPENSES)	
Interest income	40,632
Interest expense	(13,228)
Total non-operating revenue (expenses)	27,404
Income before transfers	193,255
Transfers in	6,000
Change in net position	199,255
NET POSITION, beginning of year	15,509,935
NET POSITION, end of year	\$ 15,709,190

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>WATER DIVISION ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers for services	\$ 2,428,018
Payments to vendors	(982,014)
Payments to employees for salaries and benefits	(838,051)
Net cash provided by operating activities	<u>607,953</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from other funds	6,000
Principal collections on assessments	5,691
Proceeds from bond issuance	250,000
Capital asset purchases	(91,119)
Interest payments on long-term debt	(30,852)
Principal payments on long-term debt	(578,880)
Net cash used in capital and related financing activities	<u>(439,160)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on cash, assessments, and delinquent accounts	<u>57,782</u>
Net cash provided by investing activities	57,782
Net increase in cash and cash equivalents	226,575
CASH AND CASH EQUIVALENTS, beginning of year	1,151,305
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,377,880</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 165,851
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	465,190
Amortization expense	113,333
Increase in user fee receivables	(65,988)
Decrease in prepaid expenses	(31,825)
Decrease in inventory	(19,443)
Increase in deferred outflows - changes in pension assumptions	17,737
Decrease in deferred outflows - changes in actuarial experience	43,617
Increase in accounts payable	(7,100)
Increase in accrued expenses	(1,560)
Decrease in compensated absences	(2,967)
Increase in net pension liability	333,025
Decrease in net pension asset	31,091
Increase in deferred inflows - changes in actuarial experience	12,292
Increase in deferred outflows	(140,744)
Decrease in deferred inflows - changes in actuarial experience	(304,556)
Net cash provided by operating activities	<u>\$ 607,953</u>

The accompanying notes are an integral part of these financial statements

CROMWELL FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	PENSION TRUST FUND	CUSTODIAL FUND
ASSETS		
Cash and cash equivalents	\$ -	\$ 28,988
Investments	1,667,171	-
Total assets	1,667,171	28,988
NET POSITION		
Restricted for:		
Individuals, organizations, and others	\$ -	\$ 28,988
Pensions	1,667,171	-
Total net position	1,667,171	28,988

The accompanying notes are an integral part of these financial statements

CROMWELL FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>PENSION TRUST FUND</u>	<u>CUSTODIAL FUND</u>
ADDITIONS		
Contributions	\$ -	4
Investment income:		
Interest and dividends	39,790	-
Net decrease in fair value of investments	<u>(260,459)</u>	<u>-</u>
Total investment income	(220,669)	-
Less investment expense	<u>(26,947)</u>	<u>-</u>
Net investment income	<u>(247,616)</u>	<u>-</u>
Total additions	<u>(247,616)</u>	<u>4</u>
DEDUCTIONS		
Benefits	73,177	-
Administrative expenses	<u>13,487</u>	<u>101</u>
Total deductions	<u>86,664</u>	<u>101</u>
Net decrease	(334,280)	(97)
NET POSITION		
Beginning of year	<u>2,001,451</u>	<u>29,085</u>
End of year	<u>\$ 1,667,171</u>	<u>\$ 28,988</u>

The accompanying notes are an integral part of these financial statements

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cromwell Fire District (the District) operates under the direction of an Executive Director and is governed by a Board of Commissioners. The District provides fire protection and ambulance services to the Town of Cromwell, Connecticut (the Town). In addition, the District, through its Water Division, provides water distribution, pumping, and treatment services to the Town.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

REPORTING ENTITY

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB. In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and has resulted in the inclusion of the fiduciary component unit as described below:

Fiduciary Component Unit: The District has established a single employer defined benefit plan to provide retirement benefits to individuals who have provided volunteer services to the District. The trustee of the plan is the District's executive director.

The Financial statements of the fiduciary component unit are reported as a Pension Trust Fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component unit.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The District's fire protection and ambulance services are classified as governmental activities. The District's Water Division is classified as a business-type activity. The District's fiduciary funds are excluded from these statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts – invested in capital assets net of related debt, restricted, and unrestricted net position.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS
(*Continued*)**

The government-wide statement of activities reports both the gross and net cost of each of the District's functions and business-type activities (fire protection and ambulance services, collectively referred to as "Public Safety," and the Water Division). The functions are also supported by general government revenues (property taxes and other revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants and contributions. Program revenues must be directly associated with the function or a business-type activity. The net costs (by function or business-type activity) are normally covered by general revenue (property taxes and other revenues). The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the District:

1) Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

- a) General Fund. This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.
- b) Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specific purposes, excluding capital projects and debt service. The District currently maintains five special revenue funds, one of which is considered a major fund, the Public Safety Communications Tower Fund.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS (*Continued*)

1) Governmental Funds (*Continued*):

- c) Capital Projects Fund. This fund is used to account for the acquisition or construction of capital assets. This fund is considered a major fund for the year ended June 30, 2022.

2) Proprietary Funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating revenues. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The following is a description of the proprietary fund of the District:

- a) Enterprise Fund. This fund is required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) established fees and charges based on a pricing policy designed to recover similar costs. The District currently maintains one enterprise fund, the Water Division Enterprise Fund. This fund is considered a major proprietary fund and is used to finance the water distribution, pumping and treatment services provided to the Town.

3) Fiduciary Funds:

These funds are used to report assets held in a trustee or agency capacity and therefore are not available to support the District's programs. The following is a description of the fiduciary funds of the District:

- a) Pension Trust Fund. This fiduciary component unit is used to account for the resources held in trust of the District's volunteer defined benefit pension plan.
- b) Volunteer Activity Fund. This custodial fund is used to account for the funds held on behalf of the District's volunteers.

When restricted, committed, assigned and unassigned resources are available for use, it is the District's policy to use restricted resources first, then committed, assigned and unassigned as they are needed.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

- 1) Accrual: Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

- 2) Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. "Available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

The District uses the consumption method with regard to its expenditures for insurance premiums and other prepayments.

CASH EQUIVALENTS

The District defines cash equivalents as liquid investments with an original maturity of three months or less. The District had cash equivalents totaling \$9,708 between all funds at June 30, 2022, which consisted of monies held in the State of Connecticut's Short Term Investment Fund.

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of \$5,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the asset's useful life. Useful lives for the assets of the District range from a minimum of seven (7) years for vehicles and equipment to a maximum of sixty-seven (67) years for transmission and distribution assets.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Based upon experience, management has established an allowance for doubtful accounts for certain delinquent property taxes and ambulance billing fees in its General Fund and governmental activities. In addition, an allowance for doubtful accounts has been established in the Water Division Enterprise Fund for delinquent water usage fees. No allowance has been established for this fund's assessments receivable as these are secured by real estate.

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

INVESTMENTS

The District reports the investments held in its Pension Trust Fund using the fair value measurement guidelines established by accounting principles generally accepted in the United States of America. These guidelines recognize a three-tiered fair value hierarchy as outlined below:

Level 1: Quoted prices for identical investments in active markets

Level 2: Observable inputs other than quoted prices

Level 3: Unobservable inputs

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 the consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports a deferred charge on refunding and deferred outflows related to pensions in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pensions results from differences between expected and actual experience, and changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees (active and inactive) that are provided with benefits through the pension plans. In addition, the District reports a deferred outflow related to its West Street Complex (See *Note 15*).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports a deferred inflow on the government-wide financial position related to its West Street Complex (See *Note 15*) and reports deferred inflows related to pensions. As with deferred outflows related to pensions, deferred inflows of resources related to pensions result from differences between expected and actual experience and changes in assumptions or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner equal to the average of the expected remaining services lives of all employees (active and inactive) that are provided with benefits through the pension plan. The District also reports deferred inflows of resources with respect to its operating lease receivables.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (Continued)

With regard to governmental funds, the District reports deferred inflows of resources related to unavailable property tax and ambulance fee revenues. These unavailable revenues consist of property tax and ambulance fee receivables that are not collected within 60 days of year end and therefore are not considered “available”.

INVENTORY

Inventory consists of spare parts and supplies in the Water Division Enterprise Fund and is stated at historical cost.

COMPENSATED ABSENCES

The liability for compensated absences reported in the government-wide and proprietary fund financial statements consists of unpaid, but earned vacation and sick pay balances. Expenditures and liabilities related to these obligations are recognized in the governmental fund financial statements when they mature such as upon the termination of employment. Compensated absences are reported as noncurrent liabilities in the government-wide statement of net position and the statement of net position of the District’s proprietary fund.

Employees can carryforward all earned vacation time, which must be used by the end of the subsequent year. Non-exempt employees can only carry over one week of vacation time to the next calendar year. Employee’s accrued sick time is vested after ten years of services. Upon retirement or death, an employee is entitled to 25% of his or her accrued sick time up to a maximum of 120 days. Annually in July, employees shall be paid in cash 30% of the accrued sick time that is in excess of the 120-day limit. Members of the Cromwell Professional Emergency Dispatchers Union are not eligible for the annual excess sick time payout. The balance of accrued compensated absences as of June 30, 2022 in the District’s governmental and business-type activities was \$86,812 and \$61,086, respectively.

NET PENSION LIABILITY

The net pension liability is measured as the portion of the actuarial value of projected benefits that is attributed to past periods of employee service in the District’s defined benefit pension plans, net of the corresponding pension plan’s fiduciary net position. Each pension plan’s fiduciary net position is determined using the same valuation methods that are used by the related pension plan for purposes of preparing its statement of fiduciary net position.

LONG-TERM DEBT OBLIGATIONS

Long-term debt and other related obligations of the District are reported as noncurrent liabilities in the government-wide and proprietary fund financial statements. The District’s bonds payable are reported net of the associated bond premiums. These premiums are amortized over the life of the bonds on the straight line method.

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND EQUITY AND NET POSITION

In the government-wide financial statements, net position is classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets 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 constraints placed on net position use which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

Nonspendable Fund Balance – Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – Amounts restricted by enabling legislation. Also reported if (a) externally imposed by creditors, grantors, contributors, or laws regulated by other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Commissioners. A vote by the Board of Commissioners members is required to establish and modify or rescind a fund balance commitment.

Assigned Fund Balance – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

LEASES

The District is the lessor in various agreements with terms in excess of twelve months that qualify as leases. The receivables and deferred inflows of resources associated with these arrangements are reported in both the fund and government-wide financial statements. Lease receivables and deferred inflows of resources are recognized at the commencement date based upon the present value of the expected lease payments over the contract term. The discount rate applied to each lease is equal to the District's incremental borrowing rate. Interest income is recognized in addition to lease income over the lease term. Any revenues from lease arrangements of 12 months or less are excluded from receivables and deferred inflows of resources and recognized on an as received basis.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

BUDGETING

A) Budget Basis

The District is required by state law to adopt annual budgets for the General Fund. The budget is adopted on a modified accrual basis consistent with generally accepted accounting principles with the exception of the use of encumbrances. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract, or other commitment is issued. Any encumbrances outstanding at year-end are reflected as expenditures in the current year budgetary reports.

B) Budget Procedures

The Board of Commissioners prepares and submits a proposed budget and mill rate for approval at the annual district budget meeting.

C) Budget Control

The Board of Commissioners may amend the annual budget subject to the requirements of the Connecticut General Statutes. These statutes allow the governing body to make a one time additional appropriation up to \$20,000 to any one appropriation line. A District meeting (consisting of residents) must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. The Board of Commissioners is authorized to approve transfers between budgeted line items and between funds. Unexpended appropriations lapse at the end of the fiscal year, unless specifically continued in force to the subsequent period by approval of the Board of Commissioners.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through March 25, 2023, the date that the financial statements were available to be issued. There were no subsequent events that required disclosure.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2022, the following accounting pronouncement became effective and the District implemented such pronouncement.

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits - The District does not have a policy for deposits. The District also does not have a custodial credit risk policy. However, as a practice, the District follows Connecticut State Statutes. The State of Connecticut requires that each depositor maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Cash Equivalents / Investments - The District does not have a custodial credit risk policy with regard to cash equivalents, investments, or related credit risk for debt securities, however, it is the District's practice to follow Connecticut State Statutes (CGS). CGS Section 7-400 permit municipalities and local governments to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. CGS Sections 3-27a to 3-27f permit the investment in the shares of the Connecticut Short Term Investment Fund (STIF).

The STIF is a money market investment pool managed by a division of the State of Connecticut's Treasurer's Office. Investments must be made in instruments authorized by the State's CGS using guidelines adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares and investments held by the fund and are stated at amortized cost. STIF is rated by Standard & Poor's at AAAM, its highest rating for money funds and investment pools.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases. With the exception of its Pension Trust Fund, the District generally does not invest in any long-term investment obligations.

At June 30, 2022, the District's cash and cash equivalents, exclusive of its fiduciary funds were as follows:

	Carrying Amount
Deposit accounts	\$ 5,280,270
Connecticut Short Term Investment Fund	9,708
Total cash and cash equivalents	\$ 5,289,978

Concentration of Credit Risk – Custodial credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District does not have a concentration of credit risk policy. At June 30, 2022, the carrying amount of the District's deposits with financial institutions (including fiduciary funds) was \$5,309,258 and the bank balance was \$5,732,146 of which \$500,000 was covered by federal depository insurance, \$523,215 was collateralized by debt securities held by the financial institution, and \$4,708,931 was uninsured and uncollateralized at June 30, 2022.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

At June 30, 2022, the District had the following investments within the Pension Trust Fund:

Investment Type	S&P Credit Rating	Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
U.S. Government	AAA to AA+	\$ 318,864	\$ 318,864	\$ -	\$ -
Corporate bonds	AA to BBB+	118,193	118,193	-	-
Common stock	N/A	986,245	986,245	-	-
Fixed income mutual funds	N/A	211,742	211,742	-	-
Money market funds	N/A	32,127	32,127	-	-
		<u>\$ 1,667,171</u>	<u>\$ 1,667,171</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Type	Investment Maturities (Years)			
	N/A	Less than 1	1-10	More than 10
U.S. Government	\$ 318,864	\$ -	\$ 264,861	\$ 54,003
Corporate bonds	118,193	-	100,320	17,873
Common stock	986,245	-	-	-
Fixed income mutual funds	211,742	-	-	-
Money market funds	32,127	-	-	-
	<u>\$ 1,667,171</u>	<u>\$ -</u>	<u>\$ 365,181</u>	<u>\$ 71,876</u>

NOTE 3 - PROPERTY TAXES

The District's property tax is levied and due on July 1 on the assessed value listed as of the prior October 1. Property taxes that have been levied and are due on or before year end are recognized as revenue on the fund financial statements if they are collected within sixty days after year end. Property taxes receivable not collected within sixty days after year end are reflected as revenue - unavailable under deferred inflows of resources. An allowance has been established for uncollectible taxes based on historical collection experience.

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - RECEIVABLES

At June 30, 2022, receivables consisted of the following:

	Fund Financials			Government-Wide Financials	
	General Fund	Public Safety		Governmental Activities	Business-type Activities
		Communications Tower Fund	Water Division Enterprise Fund		
Property taxes	\$ 99,676	\$ -	\$ -	\$ 99,676	\$ -
Interest and liens	42,368	-	181,224	42,368	181,224
Intergovernmental	774	-	-	774	-
Service fees	207,507	-	986,113	207,507	986,113
Other	53,547	-	-	53,547	-
Leases	-	2,323,312	-	2,323,312	-
Special assessments	-	-	402,648	-	402,648
Receivables, gross	403,872	2,323,312	1,569,985	2,727,184	1,569,985
Allowance for doubtful accounts	(45,386)	-	(111,299)	(45,386)	(111,299)
Receivables, net	<u>\$ 358,486</u>	<u>\$ 2,323,312</u>	<u>\$ 1,458,686</u>	<u>\$ 2,681,798</u>	<u>\$ 1,458,686</u>

Governmental funds report deferred inflows of resources in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Resources received that have not yet been earned and therefore do not qualify for revenue recognition are reported in both the government-wide and fund financial statements as unearned revenue.

At June 30, 2022, the District's unearned revenues and deferred inflows of resources consisted of the following:

	Fund Financials			Government-Wide Financials	
	General Fund	Public Safety		Governmental Activities	Business-type Activities
		Communications Tower Fund	Water Division Enterprise Fund		
Current liabilities					
Unearned revenue	\$ -	\$ 8,704	\$ 298,384	\$ 8,704	\$ 298,384
Deferred inflows of resources					
Revenue - unavailable	285,268	-	-	-	-
Leases	-	2,219,632	-	2,219,632	-
	<u>\$ 285,268</u>	<u>\$ 2,228,336</u>	<u>\$ 298,384</u>	<u>\$ 2,228,336</u>	<u>\$ 298,384</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 - OPERATING LEASE RECEIVABLE

The District as lessor, leases commercial property under multiple long-term noncancelable arrangements. Future minimum principal and interest payments to be received under these leases at June 30, 2022 are as follows:

Fiscal Year End	Governmental Activities	
	Principal	Interest
2023	\$ 130,908	\$ 113,204
2024	146,825	106,299
2025	98,656	100,054
2026	113,868	94,778
2027	130,366	88,712
2028-2032	734,514	330,494
2033-2037	891,446	142,266
2037-2042	76,729	796
	\$2,323,312	\$976,603

During the year ended June 30, 2022, the District recognized total inflows of resources related to these leases of \$341,783 of which \$222,604 was lease income and \$119,179, was lease-related interest revenue.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 - CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Changes in capital assets of governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 305,000	\$ -	\$ -	\$ 305,000
Construction in progress	3,181,563	174,144	-	3,355,707
Total nondepreciable assets	3,486,563	174,144	-	3,660,707
Depreciable assets				
Building and improvements	7,190,927	13,001	-	7,203,928
Vehicles	3,831,054	919,479	-	4,750,533
Equipment	3,352,693	45,497	-	3,398,190
Total depreciable assets	14,374,674	977,977	-	15,352,651
Totals at historical cost	<u>\$ 17,861,237</u>	<u>\$ 1,152,121</u>	<u>\$ -</u>	<u>\$ 19,013,358</u>
Less accumulated depreciation				
Building and improvements	\$ 2,893,945	\$ 181,230	\$ -	\$ 3,075,175
Vehicles	2,764,691	134,054	-	2,898,745
Equipment	2,867,958	113,060	-	2,981,018
Total accumulated depreciation	8,526,594	428,344	-	8,954,938
Governmental activities capital assets, net	<u>\$ 9,334,643</u>	<u>\$ 723,777</u>	<u>\$ -</u>	<u>\$ 10,058,420</u>

Depreciation expense was charged to governmental functions as follows:

Public safety	<u>\$ 428,344</u>
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**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 - CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES

Changes in capital assets of business-type activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 147,152	\$ -	\$ -	\$ 147,152
Construction in progress	-	21,000	-	21,000
Total nondepreciable assets	147,152	21,000	-	168,152
Depreciable assets				
Building and improvements	23,009,290	-	-	23,009,290
Vehicles	278,669	-	-	278,669
Equipment	2,114,344	70,119	-	2,184,463
Total depreciable assets	25,402,303	70,119	-	25,472,422
Totals at historical cost	<u>\$ 25,549,455</u>	<u>\$ 91,119</u>	<u>\$ -</u>	<u>\$ 25,640,574</u>
Less accumulated depreciation				
Building and improvements	\$ 8,862,943	\$ 377,937	\$ -	\$ 9,240,880
Vehicles	243,228	11,820	-	255,048
Equipment	1,411,590	75,433	-	1,487,023
Total accumulated depreciation	10,517,761	465,190	-	10,982,951
Business-type activities capital assets, net	<u>\$ 15,031,694</u>	<u>\$ (374,071)</u>	<u>\$ -</u>	<u>\$ 14,657,623</u>

Depreciation expense was charged to business-type functions as follows:

Water Division Enterprise Fund	<u>\$ 465,190</u>
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CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Noncurrent liabilities of the governmental activities for the year ended June 30, 2022 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable	\$ 3,085,714	\$ 2,000,000	\$ 502,857	\$ 4,582,857	\$ 402,857
Premium on bonds payable	17,981	-	8,993	8,988	8,988
	<u>3,103,695</u>	<u>2,000,000</u>	<u>511,850</u>	<u>4,591,845</u>	<u>411,845</u>
Net pension liability	1,481,064	239,180	707,138	1,013,106	-
Pension contribution payable	97,888	-	6,118	91,770	6,118
Accrued interest	27,685	-	3,691	23,994	23,994
Compensated absences	<u>90,797</u>	<u>33,636</u>	<u>37,621</u>	<u>86,812</u>	<u>68,573</u>
Total noncurrent liabilities	<u>\$ 4,801,129</u>	<u>\$ 2,272,816</u>	<u>\$ 1,266,418</u>	<u>\$ 5,807,527</u>	<u>\$ 510,530</u>

A schedule of bonds at June 30, 2022 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Original Amount	Ending Balance
Series 2012A	10/4/2012	10/1/2022	2.25-4.0	\$ 1,175,000	\$ 117,857
2019 Bonds	8/29/2019	8/15/2029	2.5	3,000,000	2,465,000
2022 Bonds	2/10/2022	7/15/2033	1.75	2,000,000	2,000,000
					<u>\$4,582,857</u>

The following is a schedule of bond maturities:

Description	Series 2012A	2019 Bond	2022 Bond	Total
Principal Maturities				
June 30,				
2023	\$ 117,857	\$ 285,000	\$ -	\$ 402,857
2024	-	290,000	164,444	454,444
2025	-	295,000	168,889	463,889
2026	-	305,000	173,333	478,333
2027	-	310,000	173,334	483,334
2028 and thereafter	-	980,000	1,320,000	2,300,000
Total	<u>\$ 117,857</u>	<u>\$ 2,465,000</u>	<u>\$ 2,000,000</u>	<u>\$ 4,582,857</u>
Due within one year	\$ 117,857	\$ 285,000	\$ -	\$ 402,857
Due in more than one year	-	2,180,000	2,000,000	4,180,000
	<u>\$ 117,857</u>	<u>\$ 2,465,000</u>	<u>\$ 2,000,000</u>	<u>\$ 4,582,857</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

Description	Series 2012A	2019 Bond	2022 Bond	Total
Interest Maturities				
June 30,				
2023	\$ 1,768	\$ 58,063	\$ 32,569	\$ 92,400
2024	-	50,875	33,561	84,436
2025	-	43,563	30,644	74,207
2026	-	36,063	27,650	63,713
2027	-	28,375	24,617	52,992
2028 and thereafter	-	37,126	82,562	119,688
Total	<u>\$ 1,768</u>	<u>\$ 254,065</u>	<u>\$ 231,603</u>	<u>\$ 487,436</u>
Due within one year	\$ 1,768	\$ 58,063	\$ 32,569	\$ 92,400
Due in more than one year	-	196,002	199,034	395,036
	<u>\$ 1,768</u>	<u>\$ 254,065</u>	<u>\$ 231,603</u>	<u>\$ 487,436</u>

The above amounts represent general obligations of the District and are expected to be paid from future taxation. Total interest incurred for governmental activities was \$60,432 for the year ended June 30, 2022.

Presented below is the statutory debt limitation for the Town of Cromwell including the District:

	Total Debt Limitation	Statutory Indebtedness	Debt Limitation in Excess of Outstanding and Authorized Debt
General Purpose	\$ 110,357,035	\$ 15,815,145	\$ 94,541,890
Schools	220,714,070	2,462,712	218,251,358
Sewers	183,928,391	-	183,928,391
Urban Renewal	159,404,606	-	159,404,606
Pension deficit	147,142,713	-	147,142,713

In accordance with Connecticut General Statutes (CGS), municipalities and their coterminous entities may not incur indebtedness from the issuance of bonds that will cause aggregate indebtedness to be exceeded by class as outlined above, and in no case shall total indebtedness exceed seven times the base, which equals \$343,332,997 at June 30, 2022.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

The Town of Cromwell is a member of the Mattabasset District (Mattabasset), a regional sewer district whose other constituent members are the City of New Britain, Town of Berlin, and the City of Middletown. Mattabasset, which is a separate reporting entity from the constituent members, has issued debt in connection with Connecticut’s Clean Water Program. This debt is proportionately secured by a pledge of payments by its members as determined by the Mattabasset District Board.

NOTE 9 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES

Noncurrent liabilities of the business-type activities for the year ended June 30, 2022 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 1,609,284	\$ 250,000	\$ 572,142	\$ 1,287,142	\$ 377,141
Premium on bonds payable	32,148	-	16,185	15,963	15,963
	1,641,432	250,000	588,327	1,303,105	393,104
Notes from direct borrowings and direct placements:					
DWSRF Project Loan	121,187	-	6,737	114,450	6,783
Net pension liability	-	333,025	-	333,025	-
Compensated absences	64,053	-	2,967	61,086	38,567
Total noncurrent liabilities	<u>\$ 1,826,672</u>	<u>\$ 583,025</u>	<u>\$ 598,031</u>	<u>\$ 1,811,666</u>	<u>\$ 438,454</u>

A schedule of bonds and notes at June 30, 2022 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Original Amount	Ending Balance
Series 2012A	10/4/2012	10/1/2022	2.25-4.0	\$ 2,115,000	\$ 212,142
Series 2016	10/18/2016	9/1/2026	1.55	1,500,000	825,000
DWSRF Project Loan	1/26/2017	12/31/2036	2.0	151,299	114,450
2022 Bond	2/10/2022	7/15/2023	1.75	250,000	250,000
					<u>\$ 1,401,592</u>

Total interest incurred for business-type activities was \$13,228 for the year ended June 30, 2022.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES (Continued)

The following is a schedule of bond and note maturities:

Description	Drinking Water State Revolving Loan Fund	Series 2016	Series 2012A	2022 Bond	Total
Principal Maturities					
<u>June 30,</u>					
2023	\$ 6,873	\$ 165,000	\$ 212,142	\$ -	\$ 384,015
2024	7,012	165,000	-	20,556	192,568
2025	7,153	165,000	-	21,111	193,264
2026	7,298	165,000	-	21,667	193,965
2027	7,445	165,000	-	21,667	194,112
2028 and thereafter	78,669	-	-	164,999	243,668
Total	<u>\$ 114,450</u>	<u>\$ 825,000</u>	<u>\$ 212,142</u>	<u>\$ 250,000</u>	<u>\$ 1,401,592</u>
Due within one year	\$ 6,873	\$ 165,000	\$ 212,142	\$ -	\$ 384,015
Due in more than one year	107,577	660,000	-	250,000	1,017,577
	<u>\$ 114,450</u>	<u>\$ 825,000</u>	<u>\$ 212,142</u>	<u>\$ 250,000</u>	<u>\$ 1,401,592</u>
Description	Drinking Water State Revolving Loan Fund	Series 2016	Series 2012A	Series 2012A	Total
Interest Maturities					
<u>June 30,</u>					
2023	\$ 2,226	\$ 11,509	\$ 3,182	\$ 4,071	\$ 20,988
2024	2,088	8,951	-	4,195	15,234
2025	1,946	6,394	-	3,831	12,171
2026	1,802	3,837	-	3,456	9,095
2027	1,654	1,279	-	3,077	6,010
2028 and thereafter	7,775	-	-	10,320	18,095
Total	<u>\$ 17,491</u>	<u>\$ 31,970</u>	<u>\$ 3,182</u>	<u>\$ 28,950</u>	<u>\$ 81,593</u>
Due within one year	\$ 2,226	\$ 11,509	\$ 3,182	\$ 4,071	\$ 20,988
Due in more than one year	15,265	20,461	-	24,879	60,605
	<u>\$ 17,491</u>	<u>\$ 31,970</u>	<u>\$ 3,182</u>	<u>\$ 28,950</u>	<u>\$ 81,593</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 - FUND BALANCE

At June 30, 2022, fund balances reported on the fund financial statements consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund:					
Prepaid expenditures	\$ 126,258	\$ -	\$ -	\$ -	\$ -
To balance 2022-2023 Budget	-	-	-	175,000	-
Remaining fund balance	-	-	-	-	1,258,124
Capital Projects Fund:					
For capital outlay	-	-	1,465,355	-	-
Public Safety Tower Communications Fund:					
For capital outlay	-	-	787,510	-	-
Nonmajor Governmental Funds:					
Insurance and benefits	-	-	64,871	-	-
Public safety	-	31,128	21,189	-	-
Total fund balances	<u>\$ 126,258</u>	<u>\$ 31,128</u>	<u>\$ 2,338,925</u>	<u>\$ 175,000</u>	<u>\$ 1,258,124</u>

NOTE 11 - INTERFUND BALANCES AND TRANSFERS

Interfund balances between governmental and proprietary funds arise when receipts or disbursements are processed through one fund's cash accounts on behalf of another fund or from temporary advances of receipts. All balances are expected to be repaid within one year.

As of June 30, 2022, the District had no interfund balances.

Interfund receivables and payables between governmental funds or between proprietary funds are eliminated upon consolidation in the government-wide financial statements.

Transfers represent nonreciprocal transactions between funds. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 - INTERFUND BALANCES AND TRANSFERS (Continued)

The District made the following transfers during the year ended June 30, 2022:

	Transfers In	Transfers Out
Fund Financial Statements		
Major funds:		
Capital Projects Fund	\$ 25,000	\$ -
Public Safety Communications Tower Fund	-	6,000
Proprietary fund - Water Division Enterprise Fund	6,000	-
Nonmajor funds:		
Fire Department Fund	-	25,000
Total transfers - Fund Financial Statements	\$ 31,000	\$ 31,000
 Government-wide Financial Statements		
Governmental Activities	\$ -	\$ 6,000
Business-type Activities	6,000	-
Total transfers - Government-wide Financial Statements	\$ 6,000	\$ 6,000

Interfund transfers were made for the purpose of reimbursing expenditures incurred by other funds.

NOTE 12 - PENSION PLANS

The District participates in three defined benefit pension plans:

- 1) Volunteer Pension Plan
- 2) Town of Cromwell Employee Retirement System
- 3) State of Connecticut Municipal Employees' Retirement System

VOLUNTEER PENSION PLAN

The District is the administrator of a single employer defined benefit pension plan (PERS), which covers individuals who have provided volunteer services to the District. The PERS is considered to be part of the District's reporting entity as a fiduciary component unit and is included in the District's financial statements as a Pension Trust Fund.

Management of the plan rests with the five-member pension advisory board. Four members are elected commissioners, and one is an appointed staff member.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS *(Continued)*

VOLUNTEER PENSION PLAN *(Continued)*

At June 30, 2022, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	13
Active plan members	67
	110
	110

Under the provisions of the plan, normal retirement age is age 62 and completion of 5 years of credited service. For an individual to participate in the plan, they must meet the requirements for a volunteer. All participants become fully vested upon 10 years of credited service or upon reaching age 62 with 5 years of credited service. Upon retirement, eligible participants receive \$15.00 per month for each year of credited service (up to a maximum of 25 years) plus additional amounts ranging from \$2.00 to \$5.00 per month for each year, up to a maximum total of 5 years credit, if the participant retired as an officer. Effective June 30, 2019, the Plan was frozen to new participants. For existing participants, service after June 30, 2019 will not be credited toward benefit accruals.

The plan's financial statements are prepared on the accrual basis of accounting. District contributions are recognized as revenues when due, and the District has made or has committed to provide the contributions. Benefit payments and refunds are payable when due and are paid in accordance with the terms of the plan.

The District 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. For the year ended June 30, 2022, the actuarially determined contribution was \$20,951 and the actual contribution was \$-0-.

The plan's policy in regard to the allocation of invested assets is established and may be amended by the Cromwell Fire District. It is the policy of the Cromwell Fire District'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 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.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

The following was the target asset allocation as of June 30, 2022:

Asset Class	Target Allocation
Domestic equity	52%
International equity	12%
Fixed income	32%
Short term investments	2%
Cash	2%
	100%

For the year ended June 30, 2022, the annual money-weighted rate of return on plan investments, net of plan investment expenses was (13.29%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability (asset) of the District at June 30, 2022 were as follows:

Total pension liability	\$ 1,745,810
Plan fiduciary net position	(1,667,171)
Net pension liability (asset)	\$ 78,639
 Plan fiduciary net position as a percentage of the total pension liability	95.50%

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

Inflation	2.0%
Salary increases	2.0%, average, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, with adjustments for future mortality improvements using Mortality Improvement Scale MP-2014.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's targeted asset allocation as of June 30, 2022 (see the earlier discussion of the plan's investment policy) are summarized as follows:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	6.54%
International equity	7.08%
Fixed income	3.49%
Short term investments	1.99%
Cash	0.00%

The discount rate used to measure the total pension liability is 6.50%. For the fiscal year ended June 30, 2022, the projection of cash flows used to determine the discount rate resulted that the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Since no changes have been made to the funding policy, benefit terms, or actuarial cost method, and contributions are historically in excess of the actuarially determined amount, it was considered by the actuaries to be reasonable to conclude that the plan's fiduciary net position is sufficient to pay all projected benefits for the fiscal year ended June 30, 2022. The long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for 2022.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

The following is a schedule of the changes in the net pension liability for the year ended June 30, 2022:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances, June 30, 2021	\$ 1,740,719	\$ 2,001,451	\$ (260,732)
2021-2022 changes:			
Interest on total pension liability	110,768	-	110,768
Differences between expected and actual experience	(32,500)	-	(32,500)
Net investment income	-	(247,616)	247,616
Benefit payments, including employee contribution refunds	(73,177)	(73,177)	-
Administrative expenses	-	(13,487)	13,487
Net Changes	5,091	(334,280)	339,371
Balances, June 30, 2022	\$ 1,745,810	\$ 1,667,171	\$ 78,639

The following schedule presents the net pension liability, calculated using the discount rate of 6.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1 % Decrease (5.50%)	Current Discount Rate (6.50%)	1 % Increase (7.50%)
Net Pension Liability (Asset)	\$ 340,853	\$ 78,639	\$ (110,627)

For the year ended June 30, 2022, the District recognized pension expense of \$(12,192). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to this pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,939	\$ 215,531
Changes of assumptions	18,199	-
Net difference between projected and actual earnings on pension plan investments	332,143	184,551
Total	\$ 461,281	\$ 400,082

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

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

June 30,	
2023	\$ 4,680
2024	21,440
2025	3,983
2026	65,125
2027	(10,805)
Thereafter	(23,224)
Total	\$ 61,199

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM

The District (including its Water Division Enterprise Fund) participates in the Town's Employee Retirement System. The plan is administered by the Town of Cromwell and was established to provide pension benefits for its employees and the employees of the District.

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 62 or 5 years of continuous service, whichever is later. Early retirement is available at age 55 plus 15 years of service. Normal retirement benefit formulas apply, subject to actuarial reduction.

Covered employees are required to contribute 2.5% of earnings to the plan. Each participating organization is required to contribute at an actuarially determined amount. The contribution requirements for the plan are established and may be amended by the Town of Cromwell.

At June 30, 2022, the District reported the following pension liabilities in its governmental and business-type activities for its proportionate share of the net pension liability:

	Governmental Activities	Business-Type Activities
Total pension liability - proportionate share	\$ 1,359,365	\$ 1,931,248
Plan fiduciary net position - proportionate share	(1,198,824)	(1,598,223)
Net pension liability - proportionate share	\$ 160,541	\$ 333,025
 Plan fiduciary net position as a percentage of the total pension liability	 88.19%	 82.76%

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM (Continued)

The net pension liability was measured at June 30, 2022, and the total pension liability was determined by an actuarial valuation date of July 1, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2022, the District's proportion for its Governmental Activities and Business-Type Activities was 2.75% and 5.71%, respectively.

For the year ended June 30, 2022, the District recognized pension expense for this plan in the amount of \$78,365 and \$28,500 in its governmental and business-type activities, respectively. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources in its governmental and business-type activities as follows:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,810	\$ 321,986	\$ 51,231	\$ 63,523
Changes of assumptions	19,807	12,970	19,241	12,240
Net difference between projected and actual earnings on pension plan investments	330,692	-	140,745	-
Total	\$ 361,309	\$ 334,956	\$ 211,217	\$ 75,763

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

June 30,	Governmental Activities	Business-Type Activities
2023	\$ 48,724	\$ 15,338
2024	50,648	25,571
2025	41,864	25,788
2026	42,828	78,131
2027	(30,254)	(9,374)
Thereafter	(127,457)	-
Total	\$ 26,353	\$ 135,454

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM (Continued)

The following actuarial assumptions were used in determining the total pension liability:

Actuarial method	Entry Age Normal
Amortization method	Level Percentage
Asset value method	5 year smoothing
Inflation	2.40%
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Salary increases	3.40%

Mortality rates were based on Pub – 2010 Public Retirement Plans amount-weighted mortality tables (with separate tables for general employees, public safety and teachers), projected to the valuation date with scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building block method on which best-estimated ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major class are included in the plan's target asset allocation below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
US large cap core	30%	5.12%
US mid cap core	12%	6.02%
US small cap core	5%	6.20%
International developed equity	11%	6.14%
International emerging market equity	2%	8.80%
Real estate investment trusts	5%	6.07%
US Government fixed income	16%	0.03%
US Corporate fixed income - investment	16%	1.48%
US Corporate fixed income - high yield	3%	3.30%
	<u>100%</u>	

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM (Continued)

The following schedule presents the net pension liability, calculated using the discount rate of 6.90%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the current rate:

	Governmental Activities		
		Current	
	1 % Decrease (5.90%)	Discount Rate (6.90%)	1 % Increase (7.90%)
District's proportionate share of net pension liability	\$ 339,494	\$ 160,541	\$ 10,290

	Business-Type Activities		
		Current	
	1 % Decrease (5.90%)	Discount Rate (6.90%)	1 % Increase (7.90%)
District's proportionate share of net pension liability	\$ 539,990	\$ 333,025	\$ 156,044

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

The District participates in the State of Connecticut Municipal Employees' Retirement System (MERS), which is a cost-sharing multiple employer public employee defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide benefits for the employees of participating municipalities. Full time District Fire and EMS personnel participate in the plan. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial statements as a pension trust fund. Information regarding the plan can be obtained on the State of Connecticut's website www.osc.ct.gov.

The plan has four sub plans: general employees with social security; general employees without social security; policemen and firemen with social security; and policemen and firemen without social security.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS *(Continued)*

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM *(Continued)*

Plan provisions are set by statute of the State of Connecticut and may be amended by legislative action. MERS provides retirement benefits, as well as death and disability benefits. General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Police and firemen have a compulsory retirement age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1 ½ % of the average final compensation not in excess of the year's breakpoint plus 2% of the average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of the average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62 or social security disability award is received, is computed as if the member is not under social security.

Members are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS *(Continued)*

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM *(Continued)*

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

For employees not covered by social security, each person is required to contribute 6% of compensation. For employees covered by social security, each person is required to contribute 3 ¼ % of compensation up to the social security taxable wage base plus 6% of compensation, if any, in excess of such base.

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2021.

At June 30, 2022, the District reported a liability of \$773,926 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The District's proportion of the net pension liability was based upon an allocation percentage calculated to six decimal places derived from the District's payroll as compared to the total. The District's allocation percentage for the reporting period ended June 30, 2022 was 1.535587%.

The total pension liability was calculated based on the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates for fire employees are based on the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017.

Future Cost-of-Living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5% and the maximum is 6%.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

The following is the plan's target allocation and the long-term expected real rate of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond fund	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bonds	6.00%	3.40%
Real estate	10.00%	4.70%
Private equity	10.00%	7.30%
Alternative investments	7.00%	3.20%
Liquidity fund	1.00%	0.90%
Total	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the year ended June 30, 2022, the District recognized pension expense of \$539,457. At June 30, 2022, the District reported deferred outflows and inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 100,959	\$ -
Net difference between projected and actual earnings on pension plan investments	-	340,484
Differences between employer contributions and proportionate share of contributions	157,859	141,748
Differences between expected and actual experience	60,193	104,614
Total	<u>\$ 319,011</u>	<u>\$ 586,846</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 - PENSION PLANS (Continued)

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

Amounts reported as deferred outflows of resources – contributions after the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources – net difference between projected and actual experience, will be recognized as an increase of the net pension liability in the subsequent year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension will be recognized in pension expense as follows:

June 30,	
2023	\$ 28,830
2024	(68,141)
2025	(101,683)
2026	(126,841)
Total	\$ (267,835)

The following schedule presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
District's proportionate share of net pension liability	\$ 1,305,068	\$ 773,926	\$ 313,708

NOTE 13- RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for in the general fund.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 14 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2022, the following line items were expended in excess of their budgeted appropriations by the indicated amounts:

Budget Line	Amount
Expenditures:	
Administrative and finance	
Computer operations	\$ 9,074
Tax Collector	4,305
Public safety	
EMS/Fire operations	47,957
Signals and alarms	27,338
Other	
Buildings and grounds	26,457
Apparatus and equipment	44,252

Total expenditures were less than total appropriations for the year ended June 30, 2022.

NOTE 15 - WEST STREET COMPLEX – WATER DIVISION CONTRIBUTION

The West Street Complex project involved the demolition of the existing fire station at 1 West Street in Cromwell, Connecticut, and the subsequent construction at that location, of a facility to house district offices for the Water Division, Fire Department, and the Fire Marshal, as well as a three-bay fire station. The appropriation for this project was \$3,400,000 which was funded with the issuance of bonds and an appropriation of \$1,700,000 from the District’s Water Division Enterprise Fund. In the Statement of Net Position, the West Street Complex is reported as a capital asset of the District’s governmental activities. The Water Division Enterprise Fund’s contribution is amortized over the life of the bonds and is currently reported as a deferred outflow of resources in the business-type activities and a corresponding deferred inflow of resources in the governmental activities. Amortization for the year ended June 30, 2022 was \$113,334 and the unamortized balance as of June 30, 2022 was \$113,333.

NOTE 16 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2022 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 (the District’s year ending June 30, 2023).

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 16 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE (*Continued*)

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the District's year ending June 30, 2023).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the District's year ending June 30, 2023).

GASB Statement 99, Omnibus 2022. This statement address both select practice issues that have been identified during implementation and accounting and financial reporting for financial guarantees. Portions of the statement are effective upon issuance (April 2022), while others are effective for years beginning after June 15, 2022 or June 15, 2023 (the District's fiscal years ending June 30, 2023 and 2024, respectively).

GASB Statement 100, Accounting Changes and Error Corrections. This statement enhances 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. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (the District's fiscal year ending June 30, 2024).

GASB Statement 101, Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement is effective for fiscal years beginning after December 15, 2023 (the District's fiscal year ending June 30, 2025).

CROMWELL FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Property taxes-current year	\$ 4,496,072	\$ -	\$ 4,496,072	\$ 4,565,325	\$ 69,253
Property tax-prior year	11,000	-	11,000	33,353	22,353
Interest on property taxes	6,000	-	6,000	19,837	13,837
EMS billing	625,000	-	625,000	707,979	82,979
State grants	1,500	-	1,500	1,832	332
Other grants	155,799	-	155,799	130,457	(25,342)
Interest income	3,500	-	3,500	1,831	(1,669)
Revenue fire marshal's office	10,000	-	10,000	5,961	(4,039)
Miscellaneous revenue	10,000	-	10,000	120,275	110,275
Employee insurance contribution	67,000	-	67,000	47,959	(19,041)
Total revenues	<u>5,385,871</u>	<u>-</u>	<u>5,385,871</u>	<u>5,634,809</u>	<u>248,938</u>
EXPENDITURES					
Administrative and finance:					
Administrative salaries and operations	482,900	-	482,900	403,886	79,014
Computer operations	100,060	-	100,060	109,134	(9,074)
Tax collector	60,000	-	60,000	64,305	(4,305)
Commission expense	10,000	-	10,000	7,943	2,057
Total administrative and finance	<u>652,960</u>	<u>-</u>	<u>652,960</u>	<u>585,268</u>	<u>67,692</u>
Public safety:					
Office of the fire chief	294,114	-	294,114	266,833	27,281
EMS/Fire operations	1,535,334	-	1,535,334	1,583,291	(47,957)
Signals and alarms	45,180	-	45,180	72,518	(27,338)
Fire marshal	174,878	-	174,878	142,718	32,160
Communications center	496,000	-	496,000	481,651	14,349
Total public safety	<u>2,545,506</u>	<u>-</u>	<u>2,545,506</u>	<u>2,547,011</u>	<u>(1,505)</u>
Other:					
Buildings and grounds	198,899	-	198,899	225,356	(26,457)
Volunteer training	27,500	-	27,500	27,156	344
Insurance and benefits	1,392,520	-	1,392,520	1,086,684	305,836
Apparatus and equipment	157,956	-	157,956	202,208	(44,252)
Debt services	575,973	-	575,973	575,973	-
Total other	<u>2,352,848</u>	<u>-</u>	<u>2,352,848</u>	<u>2,117,377</u>	<u>235,471</u>
Total expenditures	<u>5,551,314</u>	<u>-</u>	<u>5,551,314</u>	<u>5,249,656</u>	<u>301,658</u>
Other financing sources (uses):					
Transfers in	100,000	-	100,000	-	(100,000)
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Excess (deficiency) of revenues over expenditures - GAAP Basis	<u>\$ (65,443)</u>	<u>\$ -</u>	<u>\$ (65,443)</u>	<u>\$ 385,153</u>	<u>\$ 450,596</u>
FUND BALANCE, beginning of year				<u>1,174,229</u>	
FUND BALANCE, end of year				<u>\$ 1,559,382</u>	

See independent auditors' report

**CROMWELL FIRE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
VOLUNTEER PENSION PLAN
LAST NINE FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total pension liability:									
Service cost	\$ 33,899	\$ 33,262	\$ 32,167	\$ 51,216	\$ 41,373	\$ 26,040	\$ -	\$ -	\$ -
Interest	94,499	87,858	94,892	95,454	97,674	98,366	96,701	108,693	110,768
Differences between expected and actual experience	(183,820)	(51,131)	(85,339)	(47,994)	(56,806)	(68,411)	147,917	(7,976)	(32,500)
Changes of assumptions	-	87,519	-	-	-	-	-	-	-
Benefit payments, including refunds of member contributions	(47,927)	(44,279)	(52,131)	(52,131)	(57,181)	(55,332)	(55,840)	(64,401)	(73,177)
Net change in total pension liability	(103,349)	113,229	(10,411)	46,545	25,060	663	188,778	36,316	5,091
Total pension liability - beginning	1,443,888	1,340,539	1,453,768	1,443,357	1,489,902	1,514,962	1,515,625	1,704,403	1,740,719
Total pension liability - ending	1,340,539	1,453,768	1,443,357	1,489,902	1,514,962	1,515,625	1,704,403	1,740,719	1,745,810
Plan fiduciary net position:									
Contributions - employer	100,000	53,000	49,000	60,438	57,367	41,804	14,772	17,485	-
Net investment income	171,047	69,459	21,413	118,698	132,685	104,552	38,405	416,178	(247,616)
Benefit payments, including refunds of member contributions	(47,927)	(44,279)	(52,131)	(52,131)	(57,181)	(55,332)	(55,840)	(64,401)	(73,177)
Administrative expenses	(8,914)	(9,515)	(9,622)	(11,024)	(12,355)	(11,757)	(12,173)	(15,161)	(13,487)
Net change in fiduciary net position	214,206	68,665	8,660	115,981	120,516	79,267	(14,836)	354,101	(334,280)
Plan fiduciary net position - beginning	1,054,891	1,269,097	1,337,762	1,346,422	1,462,403	1,582,919	1,662,186	1,647,350	2,001,451
Plan fiduciary net position - ending	1,269,097	1,337,762	1,346,422	1,462,403	1,582,919	1,662,186	1,647,350	2,001,451	1,667,171
Net Pension Liability (Asset) - Ending	\$ 71,442	\$ 116,006	\$ 96,935	\$ 27,499	\$ (67,957)	\$ (146,561)	\$ 57,053	\$ (260,732)	\$ 78,639
Plan fiduciary net position as a percentage of the total pension liability	94.67%	92.02%	93.28%	98.15%	104.49%	109.67%	96.65%	114.98%	95.50%
Covered-employee payroll	866,144	731,346	1,025,705	777,457	918,185	918,185	918,185	N/A	N/A
Net pension liability as a percentage of covered-employee payroll	8.25%	15.86%	9.45%	3.54%	-7.40%	-15.96%	6.21%	N/A	N/A

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

See independent auditors' report

**CROMWELL FIRE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VOLUNTEER PENSION PLAN
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 99,400	\$ 98,108	\$ 52,590	\$ 48,699	\$ 60,438	\$ 57,367	\$ 41,804	\$ 17,485	\$ -	\$ 20,951
Contributions in relation to the actuarially determined contribution	100,000	100,000	53,000	49,000	60,438	57,367	41,804	14,772	17,485	-
Contribution deficiency (excess)	<u>\$ (600)</u>	<u>\$ (1,892)</u>	<u>\$ (410)</u>	<u>\$ (301)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,713</u>	<u>\$ (17,485)</u>	<u>\$ 20,951</u>
Covered-employee payroll	820,909	866,144	731,346	1,025,705	777,457	918,185	918,185	918,185	N/A	N/A
Contributions as a percentage of covered-employee payroll	12.18%	11.55%	7.25%	4.78%	7.77%	6.25%	4.55%	1.61%	N/A	N/A

Notes to Schedule

Valuation date: June 30, 2022
Measurement Date: June 30, 2022
Actuarially determined contribution rates are calculated as of the first day of the fiscal year and rolled forward assuming mid-year payment.

Actuarial cost method: Aggregate
Amortization method: Included in cost as level amortization over weighted average working life
Remaining amortization period: N/A
Asset valuation method: Market value
Inflation: 2.00%
Salary increases: N/A
Discount Rate: 6.50%
Retirement age: 62
Form of Benefit: Normal Form - Life Annuity
Mortality: RP-2014 Table projected with scale MP-2014

See independent auditors' report

**CROMWELL FIRE DISTRICT
 SCHEDULE OF INVESTMENT RETURNS
 VOLUNTEER PENSION PLAN
 LAST NINE FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Annual money-weighted rate of return, net of investment expense	15.95%	5.53%	1.42%	7.31%	8.08%	6.02%	1.60%	26.49%	-13.29%

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

**CROMWELL FIRE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT FISCAL YEARS**

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.827991%	0.827991%	0.895978%	0.895978%	0.977672%	1.406356%	1.794723%	1.535587%
District's proportionate share of the net pension liability	\$ 187,335	\$ 253,342	\$ 418,878	\$ 358,243	\$ 664,222	\$ 1,024,724	\$ 1,481,065	\$ 773,926
District's covered-employee payroll	\$ 377,153	\$ 331,713	\$ 414,911	\$ 414,911	\$ 553,793	\$ 624,626	\$ 798,410	\$ 717,580
District's proportionate share of the net pension liability as a percentage of its covered payroll	49.67%	76.37%	100.96%	86.34%	119.94%	164.05%	185.50%	107.85%
Plan fiduciary net position as a percentage of the total pension liability	96.10%	92.72%	88.29%	91.68%	73.60%	72.69%	71.18%	82.59%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	21 years
Asset valuation method	5-year smoothed market (20% write up)

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

See independent auditors' report

**CROMWELL FIRE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 58,976	\$ 56,307	\$ 70,993	\$ 71,202	\$ 84,247	\$ 100,050	\$ 104,773	\$ 121,553	\$ 168,901	\$ 265,213
Contributions in relation to the actuarially determined contribution	58,976	56,307	70,993	71,202	84,247	100,050	104,773	121,553	168,901	265,213
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	317,173	331,673	377,153	331,713	414,911	414,911	553,793	624,626	798,410	717,580
Contributions as a percentage of covered-employee payroll	18.59%	16.98%	18.82%	21.46%	20.30%	24.11%	18.92%	19.46%	21.15%	36.96%

Notes to Schedule

Valuation date: June 30, 2021
Measurement Date: June 30, 2021
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Actuarial cost method: Entry age, normal cost method
Amortization method: Level dollar, closed
Amortization period: 21 years
Asset valuation method: 5-year smoothed market (20% write up)
Inflation: 2.50%
Salary increases: 3.5%-10%, average, including inflation
Investment rate of return: 7.0% net of investment expense, including inflation
Changes in assumptions: Rates of Inflation, Real Investment Return Mortality
Withdrawal, Disability, Retirement, and Salary Increases

See independent auditors' report

**CROMWELL FIRE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TOWN OF CROMWELL RETIREMENT PLAN
LAST EIGHT FISCAL YEARS**

	Governmental Activities							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	4.26%	4.16%	1.89%	0.20%	0.95%	2.91%	30.07%	2.75%
District's proportionate share of the net pension liability	\$ 97,709	\$ 163,407	\$ 44,185	\$ 6,087	\$ 26,479	\$ 138,286	\$ (107,896)	\$ 160,541
District's covered-employee payroll	\$ 746,809	\$ 750,857	\$ 710,871	\$ 693,947	\$ 617,233	\$ 626,701	\$ 673,472	\$ 817,920
District's proportionate share of the net pension liability as a percentage of its covered payroll	13.08%	21.76%	6.22%	0.88%	4.29%	22.07%	-16.02%	19.63%
Plan fiduciary net position as a percentage of the total pension liability	89.81%	84.94%	96.01%	99.48%	97.88%	90.22%	108.26%	88.19%

	Business-Type Activities							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	6.34%	6.54%	8.43%	7.36%	7.34%	6.18%	8.16%	5.71%
District's proportionate share of the net pension liability	\$ 145,422	\$ 256,571	\$ 196,951	\$ 219,159	\$ 204,481	\$ 293,895	\$ (31,091)	\$ 333,025
District's covered-employee payroll	\$ 406,391	\$ 395,366	\$ 464,424	\$ 402,450	\$ 391,825	\$ 374,450	\$ 343,920	\$ 412,602
District's proportionate share of the net pension liability as a percentage of its covered payroll	35.78%	64.89%	42.41%	54.46%	52.19%	78.49%	-9.04%	80.71%
Plan fiduciary net position as a percentage of the total pension liability	90.14%	83.59%	87.55%	86.74%	88.17%	84.66%	101.59%	82.76%

Notes to Schedule

Actuarial method	Entry Age Normal
Amortization method	Level Percentage
Asset value method	5 year smoothing
Inflation	2.40%
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Salary increases	3.40%

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

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**CROMWELL FIRE DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN OF CROMWELL RETIREMENT PLAN
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 79,192	\$ 78,257	\$ 77,886	\$ 79,176	\$ 80,452	\$ 74,990	\$ 75,578	\$ 76,363	\$ 87,068	\$ 88,148
Contributions in relation to the actuarially determined contribution	79,192	78,257	77,886	79,176	80,452	74,990	75,578	76,363	87,068	88,148
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	1,034,975	1,068,982	1,159,678	1,146,223	1,175,295	1,096,397	1,009,058	1,001,151	1,017,392	1,230,522
Contributions as a percentage of covered-employee payroll	7.65%	7.32%	6.72%	6.91%	6.85%	6.84%	7.49%	7.63%	8.56%	7.16%

Notes to Schedule

Valuation date: July 1, 2021
Measurement Date: June 30, 2022
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Actuarial method: Entry Age Normal
Amortization method: Level Percentage
Asset value method: 5 year smoothing
Inflation: 2.40%
Investment rate of return: 6.90%, net of pension plan investment expense, including inflation
Salary increases: 3.40%
Mortality rates: Pub - 2010 Public Retirement Plans amount - weighted mortality tables (with separate tables for general employees, public safety and teachers), projected to the valuation date with scale MP-2021

This schedule presents the combined figures for both the Governmental Activities and Business-Type Activities

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**CROMWELL FIRE DISTRICT
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2022**

Grand List	Taxes	Current Year	Lawful Corrections		Transfer to Suspense	Net Taxes Collectible	Collections during the Year			Refunds	Taxes
	Receivable July 1, 2021		Additions	Deductions			Taxes	Interest & Liens	Total		Receivable June 30, 2022
2020	\$ -	\$ 4,625,256	\$ 8,645	\$ (12,206)	\$ -	\$ 4,621,695	\$ 4,567,467	\$ 11,928	\$ 4,579,395	\$ -	\$ 54,228
2019	45,432	-	1,888	(881)	(1,701)	44,738	26,927	6,041	32,968	-	17,811
2018	16,695	-	511	(3,483)	(1)	13,722	3,015	1,933	4,948	-	10,707
2017	6,322	-	-	(518)	-	5,804	(206)	281	75	-	6,010
2016	2,139	-	-	(1)	(351)	1,787	(43)	65	22	-	1,830
2015	1,566	-	-	-	-	1,566	17	65	82	-	1,549
2014	3,175	-	-	-	-	3,175	70	85	155	-	3,105
2013	2,020	-	-	-	(1)	2,019	14	18	32	-	2,005
Prior	2,438	-	-	-	(3)	2,435	4	19	23	-	2,431
	<u>\$ 79,787</u>	<u>\$ 4,625,256</u>	<u>\$ 11,044</u>	<u>\$ (17,089)</u>	<u>\$ (2,057)</u>	<u>\$ 4,696,941</u>	<u>\$ 4,597,265</u>	<u>\$ 20,435</u>	<u>\$ 4,617,700</u>	<u>\$ -</u>	<u>\$ 99,676</u>

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**CROMWELL FIRE DISTRICT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7-374(B)
FOR THE YEAR ENDED JUNE 30, 2022**

Total Tax Collections (including interest and
lien fees) Received by Treasurer for the Year
Ended June 30, 2022 \$ 4,617,700

<u>Debt Limitation</u>	<u>General Purpose</u>	<u>School</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 10,389,825	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	20,779,650	-	-	-
3 3/4 times base	-	-	17,316,375	-	-
3 1/4 times base	-	-	-	15,007,525	-
3 times base	-	-	-	-	13,853,100
Total Debt Limitation	<u>10,389,825</u>	<u>20,779,650</u>	<u>17,316,375</u>	<u>15,007,525</u>	<u>13,853,100</u>
<u>Indebtedness</u>					
Authorized, outstanding Bonds payable	<u>4,582,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>4,582,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Debt Limitation in excess of outstanding and authorized debt</i>	<u>\$ 5,806,968</u>	<u>\$ 20,779,650</u>	<u>\$ 17,316,375</u>	<u>\$ 15,007,525</u>	<u>\$ 13,853,100</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation (\$ 32,323,900)

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**CROMWELL FIRE DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

ASSETS

	SPECIAL REVENUE				
	FIRE DEPARTMENT FUND	SICK BENEFITS FUND	SCHOLARSHIP & MEMORIAL FUND	NETO STUDENT BENEFITS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
CURRENT ASSETS					
Cash and cash equivalents	\$ 37,995	\$ 64,871	\$ 25,582	\$ 5,546	\$ 133,994
Total current assets	\$ 37,995	\$ 64,871	\$ 25,582	\$ 5,546	\$ 133,994

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES					
Accounts payable	\$ 16,806	\$ -	\$ -	\$ -	\$ 16,806
Total current liabilities	16,806	-	-	-	16,806
FUND BALANCES					
Restricted	-	-	25,582	5,546	31,128
Committed	21,189	64,871	-	-	86,060
Total fund balances	21,189	64,871	25,582	5,546	117,188
Total liabilities and fund balances	\$ 37,995	\$ 64,871	\$ 25,582	\$ 5,546	\$ 133,994

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**CROMWELL FIRE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	SPECIAL REVENUE				
	FIRE DEPARTMENT FUND	SICK BENEFITS FUND	SCHOLARSHIP & MEMORIAL FUND	NETO STUDENT BENEFITS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Interest income	\$ 34	\$ 33	\$ 13	\$ -	\$ 80
Other revenue	13,625	-	1,705	-	15,330
Total revenues	13,659	33	1,718	-	15,410
EXPENDITURES					
Current					
Other expenditures	17,947	-	2,000	-	19,947
Total expenditures	17,947	-	2,000	-	19,947
Excess (deficiency) of revenues over expenditures	(4,288)	33	(282)	-	(4,537)
OTHER FINANCING SOURCES (USES)					
Transfers out	(25,000)	-	-	-	(25,000)
	(25,000)	-	-	-	(25,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(29,288)	33	(282)	-	(29,537)
FUND BALANCES, beginning of year	50,477	64,838	25,864	5,546	146,725
FUND BALANCES, end of year	\$ 21,189	\$ 64,871	\$ 25,582	\$ 5,546	\$ 117,188

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**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 Commissioners of
Cromwell Fire District
Cromwell, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cromwell Fire District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 25, 2023.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

March 25, 2023