

**Annual Financial Report**  
**of the**  
**Town of Chester, Connecticut**  
**For the Year Ended June 30, 2022**

**Town of Chester, Connecticut**  
**Annual Financial Report**  
**For the Year Ended June 30, 2022**

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# **Introductory Section**

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**Town of Chester, Connecticut**

**Principal Officials  
June 30, 2022**

Board of Selectmen

Charlene Janecek, First Selectman  
Tommy Englert, Selectman  
Edmund Meehan, Selectman

Board of Finance

John O'Hare, Chairman  
Andrew Gardner  
Steve Cline  
Deborah Vilcheck  
William Bernhart  
Michal Joplin

Town Departments

Animal Control	Harry Plaut
Assessor	Emily Eckenroth
Building Inspector	Richard Leighton
Finance	Peter Evankow
Fire Marshal	Richard Leighton
Human Services Director	Rosemary Bininger
Public Works Foreman	John Divis
Tax Collector	Madaline A. Meyer
Town Clerk	Kathryn Hair
Treasurer	Elizabeth Netsch

Auditor

PKF O'Connor Davies, LLP

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# Financial Section

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## **Independent Auditors' Report**

**Board of Finance  
Town of Chester, Connecticut**

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position 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 ("GAAS") 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 Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

**Board of Finance  
Town of Chester, Connecticut**

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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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 Management's Discussion and Analysis, budgetary comparisons, and the pension and other post-employment benefit schedules as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory and trend information sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
February 23, 2023



**Management’s Discussion and Analysis  
 For the Year Ended June 30, 2022**

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As management of the Town of Chester, Connecticut (“Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

**Financial highlights**

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

Change in net position	\$ 1,533,693
Total net position	21,871,954
Unrestricted net position	5,620,590

- The increase in net position is due to the following:

Governmental fund activity:

➤ positive operations of the General Fund of	332,579
➤ positive operations of the Capital Reserve Fund of	519,628

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	540,857
➤ net principal debt activity of	86,509
➤ change in pension liability (asset) of	(482,080)
➤ change in OPEB liability of	(12,690)
➤ amortization of pension deferred outflows of resources of	227,676
➤ amortization of pension deferred inflows of resources of	327,582

- As of the close of the current fiscal year, the Town’s governmental funds reported combined ending fund balances of \$7,134,386, an increase of \$879,470 in comparison with the prior year. This increase is a result of the positive operations in the General Fund of \$322,203 due to property taxes collected in excess of budget of \$322,203, charges for services in excess of budget of \$170,865, and spending savings of \$162,855, offset by the use of fund balance of \$735,000.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,995,608, an increase of \$501,346 in comparison with the prior year. This unassigned fund balance represents 26.23% of total budgetary General Fund expenditures and transfers out.

Management's Discussion and Analysis (continued)

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- During the year the Town implemented GASB No. 87 - Leases. The implementation of this statement had no impact on beginning equity, but had the following impact on Town's financial statements:

	Governmental Activities	General Fund
Lease receivable	\$ 547,199	\$ 547,199
Deferred inflows of resources - lease related	(547,199)	(547,199)
Capital assets:		
Right-to-use leased assets	55,998	-
Long-term liabilities:		
Lease liability	(55,998)	-

**Overview of the basic financial statements**

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

**Government-wide financial statements.** One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information about the Town as a whole and about its activities in a way that helps answer this question.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

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

You will need to consider other nonfinancial factors; however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

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

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, and education.

**Fund financial statements.** The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. The Town establishes funds to help it maintain control and manage money that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Reserve Fund and Main Street Project Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining schedules in Schedules 2 and 3 of this report.

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

**Fiduciary funds.** The Town is the trustee, or fiduciary, for its pension plans. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits F and G). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required supplementary information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.
- Schedules to demonstrate the Town's progress in funding its obligation to provide other post-employment benefits.

**Other information.** The combining schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

**Government-wide financial analysis**

The analysis below focuses on the net position and changes in net position. Unrestricted net position at year-end totaled \$5,620,590. This is an increase of \$202,616 from the prior year.

**Summary Statement of Net Position  
June 30**

	2022	2021 (as restated)
Current and other assets	\$ 8,450,531	\$ 7,386,279
Capital assets (net)	15,676,865	15,163,808
Total assets	24,127,396	22,550,087
Deferred outflows of resources	353,478	125,802
Other liabilities outstanding	583,737	640,025
Long-term liabilities outstanding	1,358,277	1,103,718
Total liabilities	1,942,014	1,743,743
Deferred inflows of resources	666,906	593,885
Net position:		
Net investment in capital assets	15,165,405	14,472,881
Restricted	1,085,959	447,406
Unrestricted	5,620,590	5,417,974
Total net position	\$ 21,871,954	\$ 20,338,261

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

A portion of the Town's net position, \$1,085,959, represents resources that are subject to external restrictions on how they may be used.

Management's Discussion and Analysis (continued)

Net position may serve over time as a useful indicator of the Town's financial position. The Town's total net position increased by \$1,533,693.

**Statement of Changes in Net Position  
For the Years Ended June 30**

	2022	2021
Revenues:		
Program revenues:		
Charges for services	\$ 866,200	\$ 822,610
Operating grants and contributions	1,744,825	2,267,247
Capital grants and contributions	357,413	2,013,989
General revenues:		
Property taxes	13,398,570	12,835,959
Grants and contributions not restricted to specific programs	177,393	170,845
Income from investments	12,854	14,536
Other	340,059	126,568
Total revenues	16,897,314	18,251,754
Expenses:		
General government	1,649,879	1,584,831
Public works	1,494,360	1,453,469
Public safety	1,016,026	980,115
Health and welfare	306,923	1,133,694
Education	10,886,409	10,579,736
Interest	10,024	9,416
Total expenses	15,363,621	15,741,261
Change in net position	1,533,693	2,510,493
Net position - July 1	20,338,261	17,827,768
Net position - June 30	\$ 21,871,954	\$ 20,338,261

Key elements of the increase in net position are as follows:

- Operating grants and contributions decreased by \$522,422 due to a decrease in the small cities grant of \$866,347 offset by an increase in child nutrition grant revenue of \$93,799.
- Capital grants and contributions decreased by \$1,656,576 primarily due to a decrease in the LOTCIP grant for the Main Street project of \$1,102,970 and a decrease of the American Rescue Plan Act grant revenue of \$638,927.
- Property taxes increased by \$562,611 due to the increase in the levy necessary to support the adopted budget.

Management's Discussion and Analysis (continued)

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- General government expenses increased by \$65,048 due to current year expenditures for ARPA projects.
- Health and welfare expenses decreased by \$826,771 due to a decrease in the Small Cities grant expenses of \$866,347.
- Education expenses increased by \$306,673 primarily due to an increase in the Chester Elementary School budget of \$185,576 and an increase in OPEB expense of \$32,835.

**Financial analysis of the Town's funds**

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

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

Certain components of fund balance were as follows:

Restricted	\$ 1,085,959
Committed	2,021,586
Assigned	31,233
Unassigned	<u>3,995,608</u>
Total	<u>\$ 7,134,386</u>

The total fund balance increased by \$879,470 to \$7,134,386. This increase is the result of the following activity:

**General Fund.** At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,995,608. Total fund balance increased by \$332,579. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 26.23% of total General Fund budgetary expenditures and transfers out.

**Capital Reserve Fund.** This fund accounts for financial resources to be used for capital projects. Including \$535,000 of budget transfers and additional appropriations, the Town appropriated \$1,085,500 for the fiscal year. The Capital Reserve Fund had capital outlay expenditures of \$715,738, which were for road, sidewalk, bridge construction, highway equipment, building repairs, and capital equipment projects. The Capital Reserve Fund fund balance totaled \$1,921,492 at year end.

**Main Street Project Fund.** This fund accounts for financial resources from the LOTCIP grant being used to fund improvement to Main Street. The Main Street Project Fund had capital outlay expenditures of \$37,223. The Main Street Project Fund fund balance totaled \$3,954 at year end.

**General Fund budgetary highlights**

The significant budget transfers and additional appropriations made during the year were as follows:

- Additional appropriation from fund balance to the transfers out to the capital reserve fund budget line for \$535,000
- Transfers from the Board of Finance contingency line for \$73,975, Fire protection line for \$24,990 and benefits line for \$43,319 to the following accounts:
  - Highways for \$50,612 for increase in gasoline prices, engineering related to the Kings Highway Bridge, and guardrail repair on High Street.
  - Building and grounds for \$83,524 for library oil tank removal, generator rental, and air conditioning for Town hall.
- Additional details on budget transfers can be found in RSI-1B.

Significant budget variances were as follows:

- Property taxes collected in excess of budget of \$322,203 due to a conservative budgeted collection rate
- Charges for services in excess of budget of \$170,865 as a result of an increase in building permits of \$44,167 and an increase in police private duty revenue of \$36,094 due to increased construction activity
- Spending savings of \$104,476 for education due to cost savings related to COVID-19 grants received and expended in the grants fund.

**Capital assets and debt administration**

**Capital assets.** The Town's investment in capital assets amounts to \$15,676,865 (net of accumulated depreciation/amortization). This investment in capital assets includes land, collections, buildings and systems, land improvements, machinery and equipment, infrastructure, and construction in progress. The total increase in the Town's investment in capital assets for the current fiscal year was \$513,057 (3.38%). This increase is primarily due to the net effect of capital asset additions in excess of depreciation/amortization. Only those assets which cost \$5,000 or more with a useful life exceeding two years are capitalized. Assets costing less than \$5,000 are expensed.

**Capital Assets**  
**(Net of Accumulated Depreciation/Amortization)**  
**June 30**

	2022	2021 (as restated)
Land	\$ 1,021,016	\$ 1,021,016
Collections	118,950	118,950
Construction in progress	195,471	2,298,171
Buildings and systems	4,680,308	4,741,294
Land improvements	143,779	39,075
Machinery and equipment	1,596,954	1,645,334
Right-to-use leased machinery and equipment	44,798	55,998
Infrastructure	7,875,589	5,243,970
 Total	 \$ 15,676,865	 \$ 15,163,808

Additional information on the Town's capital assets can be found in Note IIID.

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

- Infrastructure
  - Main Street Phase III \$ 2,265,610
  
- Land improvements
  - Chester Creek Dredging 106,252

**Long-term debt.** At the end of the current fiscal year, the Town had total notes and leases outstanding of \$511,460. This entire amount comprises debt backed by the full faith and credit of the Town.

**Outstanding Debt**  
**June 30**

	2022	2021 (as restated)
Clean water note	\$ 455,421	\$ 514,064
Street light note	-	8,703
Equipment financing note	14,566	19,204
Leases	41,473	55,998
 Total	 \$ 511,460	 \$ 597,969

The Town's total debt decreased by \$86,509 (14.47%) during the current fiscal year. The decrease is due to scheduled debt service payments.

The Town maintains an "Aa3" rating from Moody's Investor Service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to seven times total prior year tax collections. The current debt limitation for the Town is \$90,346,473, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III E.

**Economic factors and next year's budgets and rates**

- The unemployment rate for the Town at year-end was 2.9% as compared to 5.1% in the prior year. This compares favorably to the state's unemployment rate of 4.1% and the national rate of 3.8%.
- Inflationary trends in the region compare favorably to national indices.

**Requests for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, Town of Chester, 203 Middlesex Turnpike, Chester, CT 06412.

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**Basic  
Financial  
Statements**

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Town of Chester, Connecticut

Governmental Activities  
Statement of Net Position  
June 30, 2022

Assets

Current assets:	
Cash	\$ 2,023,578
Investments	5,150,375
Receivables (net):	
Property taxes	77,289
Accounts	117,217
Intergovernmental	206,263
Loans	90,715
Sewer assessments and user fees	64,416
Leases	41,270
Other	4,424
Total current assets	<u>7,775,547</u>
Noncurrent assets:	
Property held for sale	<u>162,791</u>
Restricted assets:	
Temporarily restricted:	
Cash	<u>2,250</u>
Receivables (net):	
Property taxes	41,561
Leases	<u>468,382</u>
Total receivables (net)	<u>509,943</u>
Capital assets (net of accumulated depreciation/amortization):	
Land	1,021,016
Collections	118,950
Construction in progress	195,471
Buildings and systems	4,680,308
Land improvements	143,779
Machinery and equipment	1,596,954
Right-to-use leased machinery and equipment	44,798
Infrastructure	<u>7,875,589</u>
Total capital assets (net of accumulated depreciation/amortization)	<u>15,676,865</u>
Total noncurrent assets	<u>16,351,849</u>
Total assets	<u>24,127,396</u>
	<u>Deferred Outflows of Resources</u>
Pension related	<u>353,478</u>

(Continued)

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

Town of Chester, Connecticut

Governmental Activities  
Statement of Net Position  
June 30, 2022

Liabilities

Current liabilities:	
Accounts payable	\$ 155,671
Accrued payroll and related	213,777
Overpayments	441
Unearned revenue	96,558
Notes payable	64,573
Leases payable	15,364
Compensated absences	25,853
Post closure landfill liability	11,500
Total current liabilities	<u>583,737</u>
Noncurrent liabilities:	
Performance bonds	2,250
Notes payable	405,414
Leases payable	26,109
Compensated absences	103,414
Post closure landfill liability	11,500
Net pension liability	654,123
OPEB liability	155,467
Total noncurrent liabilities	<u>1,358,277</u>
Total liabilities	<u>1,942,014</u>

Deferred Inflows of Resources

Advance property tax collections	5,618
Leases related	495,773
Pension related	165,515
Total deferred inflows of resources	<u>666,906</u>

Net Position

Net investment in capital assets	15,165,405
Restricted for:	
Residential housing rehabilitation	286,763
Historic records preservation	10,255
Town grants	534,945
Sewer operations	101,902
Social services/emergency fuel bank	6,653
Cafeteria operations	145,441
Unrestricted	5,620,590
Total net position	<u>\$ 21,871,954</u>

(Concluded)

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

Town of Chester, Connecticut

Governmental Activities  
Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,649,879	\$ 435,193	\$ 178,785	\$ -	\$ (1,035,901)
Public works	1,494,360	127,245	-	357,413	(1,009,702)
Public safety	1,016,026	288,247	-	-	(727,779)
Health and welfare	306,923	1,524	31,217	-	(274,182)
Education	10,886,409	13,991	1,534,823	-	(9,337,595)
Interest	10,024	-	-	-	(10,024)
<b>Total</b>	<b>\$ 15,363,621</b>	<b>\$ 866,200</b>	<b>\$ 1,744,825</b>	<b>\$ 357,413</b>	<b>(12,395,183)</b>
General revenues:					
Property taxes					13,398,570
Grants and contributions not restricted to specific programs					177,393
Income from investments					12,854
Other					340,059
Total general revenues					<u>13,928,876</u>
Change in net position					1,533,693
Net position - July 1, 2021					<u>20,338,261</u>
Net position - June 30, 2022					<u>\$ 21,871,954</u>

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

Town of Chester, Connecticut

Governmental Funds  
Balance Sheet  
June 30, 2022

	General Fund	Capital Reserve Fund	Main Street Project Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 1,820,857	\$ -	\$ -	\$ 202,721	\$ 2,023,578
Restricted cash	2,250	-	-	-	2,250
Investments	2,378,541	1,792,566	100,783	878,485	5,150,375
Receivables (net):					
Property taxes	118,850	-	-	-	118,850
Accounts	64,808	48,120	-	4,289	117,217
Intergovernmental	38,366	99,987	-	67,910	206,263
Loans	-	-	-	90,715	90,715
Sewer assessments and user fees	64,416	-	-	-	64,416
Leases	509,652	-	-	-	509,652
Due from other funds	49,067	-	-	-	49,067
Other	-	-	-	4,424	4,424
Total assets	<u>\$ 5,046,807</u>	<u>\$ 1,940,673</u>	<u>\$ 100,783</u>	<u>\$ 1,248,544</u>	<u>\$ 8,336,807</u>
<u>Liabilities</u>					
Accounts payable	\$ 118,841	\$ 19,181	\$ 271	\$ 17,378	\$ 155,671
Accrued payroll and related	213,777	-	-	-	213,777
Due to other funds	-	-	-	49,067	49,067
Overpayments	441	-	-	-	441
Unearned revenue	-	-	96,558	-	96,558
Performance bonds	2,250	-	-	-	2,250
Total liabilities	<u>335,309</u>	<u>19,181</u>	<u>96,829</u>	<u>66,445</u>	<u>517,764</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues:					
Property taxes	118,850	-	-	-	118,850
Advance property tax collections	5,618	-	-	-	5,618
Sewer assessments and user fees	64,416	-	-	-	64,416
Lease related	495,773	-	-	-	495,773
Total deferred inflows of resources	<u>684,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>684,657</u>
<u>Fund Balances</u>					
Restricted	-	-	-	1,085,959	1,085,959
Committed	-	1,921,492	3,954	96,140	2,021,586
Assigned	31,233	-	-	-	31,233
Unassigned	3,995,608	-	-	-	3,995,608
Total fund balances	<u>4,026,841</u>	<u>1,921,492</u>	<u>3,954</u>	<u>1,182,099</u>	<u>7,134,386</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,046,807</u>	<u>\$ 1,940,673</u>	<u>\$ 100,783</u>	<u>\$ 1,248,544</u>	<u>\$ 8,336,807</u>

(Continued)

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

Town of Chester, Connecticut

Reconciliation of Fund Balance to Net Position  
June 30, 2022

Amounts reported in the statement of net position (Exhibit A)  
are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1)	<u>\$ 7,134,386</u>
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Capital assets used in governmental activities are not financial resources  
and, therefore, are not reported in the funds:

Beginning capital assets (net)	15,163,808
Current year additions (net of construction in progress)	866,756
Depreciation/amortization expense	(325,899)
Disposal of assets	<u>(27,800)</u>
Total	<u>15,676,865</u>

Other long-term assets and deferred outflows of resources are not available resources and,  
therefore, are not reported in the funds:

Property held for sale	162,791
Deferred outflows related to pension	<u>353,478</u>
Total	<u>516,269</u>

Other long-term assets are not available to pay for current period  
expenditures and, therefore, are unavailable in the funds:

Property taxes - accrual basis change	118,850
Sewer assessments and user fees - accrual basis change	<u>64,416</u>
Total	<u>183,266</u>

Some liabilities and deferred inflows of resources, including bonds and notes payable,  
are not due and payable in the current period and, therefore, are not reported in the funds:

Notes payable	(469,987)
Leases payable	(41,473)
Compensated absences	(129,267)
Post closure landfill liability	(23,000)
Net pension liability	(654,123)
OPEB liability	(155,467)
Deferred inflows related to pension	<u>(165,515)</u>
Total	<u>(1,638,832)</u>

Net position (Exhibit A)	<u><u>\$ 21,871,954</u></u>
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The notes to financial statements are an integral part of this statement.

(Concluded)

## Town of Chester, Connecticut

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

	General Fund	Capital Reserve Fund	Main Street Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$13,383,546	\$ -	\$ -	\$ -	\$ 13,383,546
Intergovernmental	1,633,110	99,987	37,223	322,251	2,092,571
Charges for services	653,215	-	-	229,942	883,157
Income from investments	9,257	1,759	323	1,515	12,854
Contributions	-	-	-	187,060	187,060
Other	291,939	48,120	-	-	340,059
Total revenues	<u>15,971,067</u>	<u>149,866</u>	<u>37,546</u>	<u>740,768</u>	<u>16,899,247</u>
Expenditures:					
Current:					
General government	1,009,395	-	-	109,331	1,118,726
Public works	984,919	-	-	256,494	1,241,413
Public safety	966,820	-	-	-	966,820
Health and welfare	158,570	-	-	56,283	214,853
Benefits and insurance	772,838	-	-	-	772,838
Education	10,578,438	-	-	217,736	10,796,174
Debt service	82,008	-	-	-	82,008
Capital outlay	-	715,738	37,223	73,984	826,945
Total expenditures	<u>14,552,988</u>	<u>715,738</u>	<u>37,223</u>	<u>713,828</u>	<u>16,019,777</u>
Excess (deficiency) of revenues over expenditures	<u>1,418,079</u>	<u>(565,872)</u>	<u>323</u>	<u>26,940</u>	<u>879,470</u>
Other financing sources (uses):					
Transfers in	-	1,085,500	-	-	1,085,500
Transfers out	(1,085,500)	-	-	-	(1,085,500)
Net other financing sources (uses)	<u>(1,085,500)</u>	<u>1,085,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	332,579	519,628	323	26,940	879,470
Fund balances - July 1, 2021	<u>3,694,262</u>	<u>1,401,864</u>	<u>3,631</u>	<u>1,155,159</u>	<u>6,254,916</u>
Fund balances - June 30, 2022	<u>\$ 4,026,841</u>	<u>\$ 1,921,492</u>	<u>\$ 3,954</u>	<u>\$ 1,182,099</u>	<u>\$ 7,134,386</u>

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

Town of Chester, Connecticut

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

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	<u>\$ 879,470</u>
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital outlay	866,756
Depreciation/amortization expense	<u>(325,899)</u>
Total	<u>540,857</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold or donated:

Loss on disposal of assets	<u>(27,800)</u>
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property tax and sewer assessment - accrual basis change	<u>(1,933)</u>
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The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Principal repayments:	
Notes	71,984
Leases	<u>14,525</u>
Total	<u>86,509</u>

(Continued)

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

Town of Chester, Connecticut

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Change in:	
Compensated absences	\$ (15,398)
Post closure landfill liability	11,500
Net pension asset	(145,068)
Net pension liability	(337,012)
OPEB liability	(12,690)
Amortization of:	
Deferred outflows related to pension	227,676
Deferred inflows related to pension	<u>327,582</u>
Total	<u>56,590</u>
Change in net position (Exhibit B)	<u>\$1,533,693</u>
	(Concluded)

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

Town of Chester, Connecticut  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2022**

	<u>Pension Trust Funds</u>
<u>Assets</u>	
Investments:	
Mutual funds:	
Equity	\$ 2,104,767
Money market	123,372
Bonds	483,920
Exchange traded funds	<u>170,996</u>
Total investments	<u>2,883,055</u>
<u>Net Position</u>	
Restricted for pensions	<u><u>\$ 2,883,055</u></u>

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

**Town of Chester, Connecticut**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<u>Pension Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 197,974
Plan members	<u>7,793</u>
Total contributions	<u>205,767</u>
Investment income (loss):	
Net change in fair value of investments	(557,535)
Interest and dividends	<u>142,064</u>
Total investment income (loss)	(415,471)
Less investment expenses	<u>10,273</u>
Net investment income (loss)	<u>(425,744)</u>
Total additions	<u>(219,977)</u>
Deductions:	
Benefits	<u>442,309</u>
Change in net position	(662,286)
Net position - July 1, 2021	<u>3,545,341</u>
Net position - June 30, 2022	<u><u>\$ 2,883,055</u></u>

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

## Town of Chester, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2022****History and organization**

The Town of Chester, Connecticut (“Town”) is a municipal corporation operating under State Statutes. The Town is governed by a Selectmen-Town Meeting form of government. Under this form of government, the Town Meeting is the legislative body. A Town Meeting is required to make appropriations, levy taxes, and borrow money. The administrative branch is led by an elected three-member Board of Selectmen. The Selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the Town financial matters.

The accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town is financially accountable for the pension trust funds and therefore, they are considered fiduciary component units. The financial statements of the fiduciary component units are reported as pension trust funds in the fiduciary fund financial statements. The pension trust funds do not issue separate financial statements.

**I. Summary of significant accounting policies**

The accounting policies conform to generally accepted accounting principles (“GAAP”) as applicable to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

**A. Government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

**B. Measurement focus, basis of accounting and financial statement presentation**

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

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers tax revenues to be available if they are collected by the end of the current fiscal period. In addition, the Town considers reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB benefits, and certain other long-term liabilities, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, certain charges for services, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, including property taxes, are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund	The primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.
Capital Reserve Fund	Accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.
Main Street Project Fund	Accounts for and reports financial resources for the LOTCIP grant for road reconstruction.

Additionally, the Town reports the following fund types:

Special Revenue Funds	Accounts for and reports the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.
Pension Trust Funds	Accounts for the activities of the Town Employee Retirement Plan and the Chester Hose Company Volunteer Services Award Program, which accumulate resources for pension benefit payments to qualified employees.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are charges between certain Town functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town's pension and OPEB plans, the Connecticut Municipal Employees' Retirement System ("MERS"), the Connecticut State Teachers' Retirement System ("TRS"), and the State Teachers Retirement Board Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, MERS, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

**b. Investments**

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

State Treasurer's Short-Term Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The target allocations for the pension fund investments are as follows:

<u>Asset Class</u>	<u>Employee Retirement</u>	<u>Chester Hose Company VSAP</u>
Cash/money market	5.00%	5.00%
Fixed income/bonds	35.00%	35.00%
Equities/stocks	60.00%	60.00%

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Allowable investments under the pension fund's investment policy consist of marketable equity and fixed income securities conforming to investment guidelines that include mutual funds, exchange traded funds or other comingled investment vehicles that invest in such securities. Professional money managers are employed to manage the assets allocated to them. The Town's Retirement and Pension Board are responsible for overall investment policy. Any change in investment manager must have their approval.

**c. Method used to value investments**

Investments for the Town are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Land held for sale is reported at cost which approximates market.

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active
Level 3	Unobservable inputs

**d. Risk policies**

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
Credit risk	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.
Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk.
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk.

## Town of Chester, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2022****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****2. Receivables and payables****a. Interfunds**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans).

**b. Property taxes and other receivables**

In the fund and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 16.00% to 43.00% percent of outstanding receivable balances and are calculated based upon prior collection history.

Property taxes are levied each July 1 on the assessed value listed as of the prior October 1 for all real property located in the Town. Assessed values are established at 70.00% of estimated market value. All property taxes are due and payable on July 1 of the year except for real estate and personal property taxes greater than \$100, which is due and payable in two installments, July 1 and January 1 of each year. Liens are effective on the assessment date and are continued by filing before the end of the fiscal year following the due date.

In the fund financial statements, property tax revenues are recognized when they became available. Only taxes collected during the fiscal year are recorded as revenue.

Loans receivable in the Small Cities Fund represent amounts due from homeowners. Loans receivable are recorded and revenues recognized as earned. The loans are funded through a federal grant. The loans are due in full when the homeowner dies, refinances, or sells the property. There is no interest on the loans. The loans are secured by a lien on the property.

**c. Leases receivable**

The Town is a lessor for noncancellable leases of buildings. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

Key estimates and judgments related to leases include:

Discount rate	The Town uses its estimated incremental borrowing rate as the discount rate used to discount the expected lease receipts to present value.
Lease term	The lease term includes the noncancellable period of the lease.
Lease payments	Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

3. Restricted assets

The restricted assets for the Town are restricted for performance bonds. Performance bonds are temporarily restricted until the monies are returned to the vendor after satisfactory completion of the contract or the Town calls the bond for nonperformance.

4. Capital assets

Capital assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost as noted in the table below and an estimated useful life in excess of two years. All buildings are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Town has chosen to capitalize collections consisting primarily of art. The collections are not being depreciated/amortized as they are considered inexhaustible works of art.

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

Property, plant, and equipment of the Town are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Building and systems	20-75	All
Land improvements	50	\$ 20,000
Machinery and equipment	5-40	5,000
Infrastructure:		
Bridges	50	100,000
Roads and drainage	75-100	100,000
Right-to-use-leased assets	Lease term	5,000

## Town of Chester, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2022****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****5. 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 represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The Town reports deferred outflows and inflows of resources related to pensions in the government-wide statements for differences between expected and actual experience, changes in assumptions, net difference between projected and actual earnings on plan investments, changes in proportional share and contributions subsequent to the measurement date. The deferred outflow or inflow related to differences between expected and actual experience, changes in assumptions, and changes in proportional share will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period. Contributions subsequent to the measurement date will be recognized in the subsequent year.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

Deferred inflows of resources include deferred inflows relating to the lease receivable. These amounts are deferred and are amortized to lease revenue in a systematic and rational manner over the term of the lease.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), and sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated absences**

Employees accumulate, by prescribed formula, vacation, sick and personal days for subsequent use or for payment upon termination or retirement. Expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for amounts expected to be paid with available resources; for example, as a result of employee resignations and retirements.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

7. Long-term liabilities

In the government-wide financial statements, long-term debt and other long-term liabilities are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

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

8. Lease liabilities

The Town is a lessee for noncancellable leases of equipment. The Town recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include:

Discount rate	The Town uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to the present value. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
Lease term	The lease term includes the noncancellable period of the lease.
Lease payments	Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

9. Net position and fund balances

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

Net Investment in Capital Assets	This category presents the net position that reflects capital assets net of depreciation/amortization and net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.
Restricted Net Position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted Net Position	This category presents the net position of the Town which is not classified in the preceding two categories.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action by the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded through resolutions approved by Town Meeting, Board of Finance or contractual obligations.
Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or by a properly approved purchase order.
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

## Town of Chester, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2022****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

**Minimum fund balance policy**

The Town adopted a minimum fund balance policy for the general fund. The policy requires the Board of Finance to prepare annual budgets that provide for the unassigned fund balance to be 12% of the total operating general fund revenues.

**10. Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses, and expenditures during the fiscal year. Actual results could differ from those estimates.

**11. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. Stewardship, compliance and accountability****A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation.

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 and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**B. Capital projects authorizations**

The following is a summary of certain capital projects:

Project Name	Net Project Authorization	Expenditures	Balance
Capital reserve fund	\$ 2,643,230	\$ 715,738	\$ 1,927,492

**III. Detailed notes****A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance was \$5,700,746 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 2,190,942
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	2,509,804
Total amount subject to custodial credit risk	\$ 4,700,746

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

**2. Investments**

a. The Town's investments consisted of the following investment types and maturities. Specific identification was used to determine the maturities.

Type of Investment	Fair Value	Investment Maturities (In Years)		
		N/A	Less Than 1	1-5 Years
Mutual funds:				
Money market	\$ 123,372	\$ -	\$ 123,372	\$ -
Equity	2,104,767	2,104,767	-	-
Bonds	483,920	-	-	483,920
Exchange traded funds	170,996	170,996	-	-
Bank money market	2,538,923	-	2,538,923	-
Certificates of deposit	1,792,616	-	1,792,616	-
Pooled fixed income	818,836	-	818,836	-
Total	\$ 8,033,430	\$ 2,275,763	\$ 5,273,747	\$ 483,920
Pension funds	(2,883,055)			
Other funds	\$ 5,150,375			

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

A. Cash and investments

b. The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets <u>Level 1</u>
Investments by fair value level:		
Mutual funds:		
Money market	\$ 123,372	\$ 123,372
Equity	2,104,767	2,104,767
Bonds	483,920	483,920
Exchange traded funds	<u>170,996</u>	<u>170,996</u>
 Total investments by fair value level	 <u>2,883,055</u>	 <u>\$ 2,883,055</u>
 Other investments:		
Bank money market	2,538,923	
Certificates of deposit	1,792,616	
Pooled fixed income	<u>818,836</u>	
 Total other investments	 <u>5,150,375</u>	
 Total investments	 <u>\$ 8,033,430</u>	

Level 1: Quoted prices for identical investments in active markets.

c. The Town's investments subject to credit risk have average ratings by Standard & Poor's as follows:

<u>Type of Investment</u>	<u>Ratings</u>		
	<u>AAA</u>	<u>Unrated</u>	<u>Total</u>
Mutual funds:			
Money market	\$ -	\$ 123,372	\$ 123,372
Bonds	483,920	-	483,920
Pooled fixed income	<u>818,836</u>	<u>-</u>	<u>818,836</u>
 Total	 <u>\$ 1,302,756</u>	 <u>\$ 123,372</u>	 <u>\$ 1,426,128</u>

d. The Town's investments are not subject to custodial credit risk.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Receivables**

1. Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town’s government-wide financial statements with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below:

	Property Taxes		
	Taxes	Interest and Lien Fees	Total
Current portion	<u>\$ 72,923</u>	<u>\$ 4,366</u>	<u>\$ 77,289</u>
Long-term portion	52,807	18,754	71,561
Less allowance for uncollectible	<u>(20,000)</u>	<u>(10,000)</u>	<u>(30,000)</u>
Net long-term portion	<u>\$ 32,807</u>	<u>\$ 8,754</u>	<u>\$ 41,561</u>

**2. Leases receivable**

The Town reports the following lease balances and activity as of and for the year ended June 30, 2022:

Description	Lease Receivable	Deferred Inflows of Resources	Lease Revenue	Lease Interest Revenue
Town Hall	\$ 502,355	\$ 488,781	\$ 44,434	\$ 36,739
Building	7,297	6,992	6,992	963
Total	509,652	<u>\$ 495,773</u>	<u>\$ 51,426</u>	<u>\$ 37,702</u>
Current	<u>(41,270)</u>			
Long-term	<u>\$ 468,382</u>			

Description	Lease Agreement Terms
Town Hall	The Town is lessor in a 10 year lease extension for the lease of the first floor of a Town-owned building. The lease agreement includes one additional ten-year term if mutually agreed to by both parties. Based on this agreement, the Town is receiving monthly payments through November 2032.
Building	The Town is lessor in a 3 year lease agreement for the lease of a building. The lease agreement includes one additional two-year term if mutually agreed to by both parties. Based on this agreement, the Town is receiving monthly payments through June 2023.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**C. Interfund accounts****1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	<u>Corresponding Fund</u>	<u>Due From</u>	<u>Due To</u>
Major funds:			
General fund:			
Cafeteria fund	N/A	\$ 5,082	\$ -
Education grants fund	N/A	<u>43,985</u>	<u>-</u>
Total general fund		<u>49,067</u>	<u>-</u>
Other governmental funds:			
Cafeteria fund	General fund	-	5,082
Education grants fund	General fund	<u>-</u>	<u>43,985</u>
Total other governmental funds		<u>-</u>	<u>49,067</u>
Total		<u>\$ 49,067</u>	<u>\$ 49,067</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll, and services provided.

**2. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:			
General fund:			
Capital reserve fund	N/A	<u>\$ -</u>	<u>\$1,085,500</u>
Capital reserve fund:			
General fund	N/A	<u>1,085,500</u>	<u>-</u>
Total		<u>\$1,085,500</u>	<u>\$1,085,500</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital reserve fund.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**D. Capital assets**

Changes in the Town's capital assets are summarized as follows:

	Balance July 1, 2021 (as restated)	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated/ amortized:				
Land	\$ 1,021,016	\$ -	\$ -	\$ 1,021,016
Collections	118,950	-	-	118,950
Construction in progress	2,298,171	122,257	2,224,957	195,471
<b>Total capital assets, not being depreciated/ amortized</b>	<b>3,438,137</b>	<b>122,257</b>	<b>2,224,957</b>	<b>1,335,437</b>
Capital assets, being depreciated/ amortized:				
Buildings and systems	7,979,503	88,928	40,000	8,028,431
Land improvements	65,000	106,252	-	171,252
Machinery and equipment	2,882,691	68,274	25,200	2,925,765
Right-to-use leased machinery and equipment	55,998	-	-	55,998
Infrastructure	6,137,015	2,706,002	-	8,843,017
<b>Total capital assets, being depreciated/ amortized</b>	<b>17,120,207</b>	<b>2,969,456</b>	<b>65,200</b>	<b>20,024,463</b>
<b>Total capital assets</b>	<b>20,558,344</b>	<b>3,091,713</b>	<b>2,290,157</b>	<b>21,359,900</b>
Less accumulated depreciation/ amortization for:				
Buildings and systems	3,238,209	125,414	15,500	3,348,123
Land improvements	25,925	1,548	-	27,473
Machinery and equipment	1,237,357	113,354	21,900	1,328,811
Right-to-use leased machinery and equipment	-	11,200	-	11,200
Infrastructure	893,045	74,383	-	967,428
<b>Total accumulated depreciation/amortization</b>	<b>5,394,536</b>	<b>325,899</b>	<b>37,400</b>	<b>5,683,035</b>
<b>Total capital assets, being depreciated/ amortized, net</b>	<b>11,725,671</b>	<b>2,643,557</b>	<b>27,800</b>	<b>14,341,428</b>
<b>Capital assets, net</b>	<b>\$15,163,808</b>	<b>\$2,765,814</b>	<b>\$ 2,252,757</b>	<b>\$ 15,676,865</b>

Depreciation/amortization expense was charged to functions/programs of the Town as follows:

General government	\$ 64,857
Public works	90,880
Public safety	75,093
Health and welfare	25,842
Education	69,227
<b>Total depreciation/amortization expense</b>	<b>\$ 325,899</b>

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

E. Changes in long-term liabilities

Clean water notes, equipment financing notes and leases are direct obligations and pledge the full faith and credit of the Town.

1. Summary of changes

The following is a summary of changes in long-term liabilities during the fiscal year:

Description	Original amount	Date of issue	Date of maturity	Interest rate	Balance July 1, 2021 (as restated)	Additions	Deductions	Balance June 30, 2022	Current portion	Long-term portion
<u>Notes (direct borrowings):</u>										
Clean water note- 577C	\$ 1,125,000	8/14/08	7/31/29	2.00%	\$ 514,064	\$ -	\$ 58,643	\$ 455,421	\$ 59,827	\$ 395,594
Street lights note	56,331	12/15/17	1/15/22	3.30%	8,703	-	8,703	-	-	-
Equipment financing note	33,251	2/18/19	2/18/25	2.31%	19,204	-	4,638	14,566	4,746	9,820
Total notes	<u>\$ 1,214,582</u>				<u>541,971</u>	<u>-</u>	<u>71,984</u>	<u>469,987</u>	<u>64,573</u>	<u>405,414</u>
Leases					55,998	-	14,525	41,473	15,364	26,109
Compensated absences					113,869	34,927	19,529	129,267	25,853	103,414
Post closure landfill liability					34,500	-	11,500	23,000	11,500	11,500
Net pension liability					317,111	649,413	312,401	654,123	-	654,123
OPEB liability					142,777	21,734	9,044	155,467	-	155,467
Total long-term liabilities					<u>\$ 1,206,226</u>	<u>\$ 706,074</u>	<u>\$ 438,983</u>	<u>\$ 1,473,317</u>	<u>\$ 117,290</u>	<u>\$ 1,356,027</u>

All long-term liabilities are generally liquidated by the general fund.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**E. Changes in long-term liabilities (continued)****2. The following is a summary of principal and interest amounts of note maturities:**

<u>Year Ending June 30,</u>	<u>Total Principal</u>	<u>Total Interest</u>
2023	\$ 64,573	\$ 8,804
2024	65,889	7,487
2025	67,231	6,143
2026	63,523	4,771
2027	64,805	3,489
2028	66,113	2,181
2029	67,448	847
2030	10,405	9
Totals	<u>\$469,987</u>	<u>\$33,731</u>

**3. Assets pledged as collateral**

The Town's outstanding equipment financing notes of \$14,566 are secured with collateral of the equipment purchased.

**4. Statutory debt limitation**

The Town's indebtedness does not exceed the legal debt limitations as required by Connecticut General Statutes as reflected in the following schedule:

<u>Category</u>	<u>Debit Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 29,039,938	\$ -	\$ 29,039,938
Schools	58,079,876	348,113	57,731,763
Sewers	48,399,896	-	48,399,896
Urban renewal	41,946,577	-	41,946,577
Pension deficit	38,719,917	-	38,719,917

The total overall statutory debt limit for the Town is equal to seven times annual receipts from the prior year taxation, \$90,346,473.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

Chester is a member of Regional School District No. 4, which provides education facilities for grades seven through twelve for the Towns of Chester, Deep River, and Essex. The outstanding bonded indebtedness of the District was \$1,470,000, of which Chester's pro rata share is 23.68% or \$348,113.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**E. Changes in long-term liabilities (continued)****5. Post closure landfill liability**

The Town has a closed landfill with no further capacity or estimated useful life. State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are reported as a long-term liability. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. Monitoring costs and estimated repairs and maintenance for the next 2 years at \$11,500 per year are \$23,000.

**6. Leases**

Lease agreements are summarized as follows:

Description	Date	Lease Term* (years)	Interest Rate**	Original Amount*	Balance June 30, 2022
Education copiers	11/26/2019	4.00	2.31%	\$ 14,349	\$ 8,500
Town copiers	10/21/2020	5.00	2.31%	38,842	30,211
Postage machines	6/28/2022	5.00	2.31%	2,807	2,762
Total				<u>\$ 55,998</u>	<u>\$ 41,473</u>

\*As of GASB No. 87 implementation date of July 1, 2021.

\*\*All interest rates have been imputed based on the rate from recently issued debt as there were no interest rates specified in the lease agreement.

Description	Lease Agreement Terms
Education copiers	The lease is not renewable and the Town will not acquire the equipment at the end of the term.
Town copiers	The lease is not renewable and the Town will not acquire the equipment at the end of the term.
Postage machines	The lease is not renewable and the Town will not acquire the equipment at the end of the term.

The following is a summary of principal and interest payments to maturity:

Year Ending June 30	Principal	Interest
2023	\$ 15,364	\$ 958
2024	12,113	603
2025	9,818	323
2026	3,693	97
2027	485	11
Totals	<u>\$ 41,473</u>	<u>\$ 1,992</u>

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Fund balances and restricted net position**

Fund balances are composed of the following:

Fund Balance Component	General Fund	Capital Reserve Fund	Main Street Project Fund	Other Governmental Funds	Total
<u>Restricted:</u>					
Housing rehabilitation	\$ -	\$ -	\$ -	\$ 286,763	\$ 286,763
Historic records preservation*	-	-	-	10,255	10,255
Town grants	-	-	-	534,945	534,945
Sewer operations*	-	-	-	101,902	101,902
Social services/emergency fuel	-	-	-	6,653	6,653
Cafeteria operations*	-	-	-	145,441	145,441
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,085,959</b>	<b>1,085,959</b>
<u>Committed:</u>					
Approved projects	-	1,921,492	3,954	-	1,925,446
School activity programs	-	-	-	13,880	13,880
Parks and recreation programs	-	-	-	53,178	53,178
Library operations	-	-	-	21,567	21,567
Harbor	-	-	-	7,515	7,515
<b>Total committed</b>	<b>-</b>	<b>1,921,492</b>	<b>3,954</b>	<b>96,140</b>	<b>2,021,586</b>
<u>Assigned:</u>					
Subsequent year's budget	31,233	-	-	-	31,233
<u>Unassigned:</u>					
	3,995,608	-	-	-	3,995,608
<b>Total</b>	<b>\$ 4,026,841</b>	<b>\$ 1,921,492</b>	<b>\$ 3,954</b>	<b>\$ 1,182,099</b>	<b>\$ 7,134,386</b>

\* The amount of restricted net position that is restricted by enabling legislation totaled: \$ 257,598

## Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022**IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The Town is a member in Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is a member of CIRMA's Liability-Automobile-Property Pool, a risk sharing pool. The Town paid CIRMA for provisions of general liability, automobile liability, employee benefit liability, law enforcement liability, public officials, and property coverage. The premium is subject to these coverages and claims and expense payments falling within the deductible amounts are the responsibility of the Town. CIRMA's Liability-Automobile-Property Pool retains \$1,000,000 per occurrence for each line of liability coverage.

The Chester Board of Education participates in an internal service fund, which is maintained by Regional School District No. 4. The Health Insurance Fund accounts for and finances the retained risk of loss for member Town employee medical benefits coverage. A third party administers the plan for which the fund pays a fee. The Health Insurance Fund provides coverage to all eligible, full-time Board of Education employees. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$60,000 for each insured occurrence.

**B. Commitments and litigation**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Throughout the year, the Town may be a defendant in litigation. At year end, the Town was not a defendant in any litigation.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**V. Pensions and other post-employment benefit (“OPEB”) plans****A. Town pension plans****1. Plan description****a. Plan administration**

The Town of Chester is the administrator of two single-employer Public Employee Retirement Systems (“Plans”) established and administered by the Town to provide pension benefits for its employees and volunteer firefighters, the Town Employee Retirement Plan and the Chester Hose Company Volunteer Service Award Program (“VSAP”). The Plans are considered to be a part of the Town’s financial reporting entity and are included in the Town’s financial statement as a pension trust fund. A separate stand-alone financial report is not issued.

Management of the plans rests with the 5-member Retirement Board who are appointed by the Selectmen. At least one member of the Board shall also be a member of the Board of Finance.

**b. Plan membership**

As of the date of the latest actuarial valuation, January 1, 2022 for the Employee Retirement plan and July 1, 2021 for VSAP, membership consisted of:

	Plan Membership	
	Employee Retirement	Chester Hose Company VSAP
Retirees and beneficiaries receiving benefits	7	10
Terminated employees entitled to benefits	7	28
Active members	18	30
Total	32	68

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

A. Town pension plans (continued)

2. Benefit provisions

a. Employee retirement plan

The plan covers substantially all regularly employed permanent employees of the Town. In order to be eligible for the plan, the employee must complete thirty-six months of service and attain a minimum age of 21 ½. Participants are 100% vested after 5 years.

Normal retirement age	65
Normal retirement benefits	Monthly benefit amount equal to 1/12 of 1.25% of the average compensation multiplied by the years of service
Early retirement service requirement	Age 55 with 15 years of service
Early retirement benefits	Monthly benefit equal to the vested accrued benefit
Deferred retirement benefits	Monthly benefit equal to the greater of continued accruals or the actuarial equivalent of the accrued benefit
Disability retirement benefits	Monthly benefit equal to the vested accrued benefit
Vested deferred benefit	Monthly benefit equal to the vested percentage of the accrued benefit

b. Chester Hose Company VSAP

The plan covers substantially all volunteer firefighters of the Chester Hose Company. In order to be eligible for the plan, the firefighter must complete one year of service and attain a minimum age of eighteen.

Normal retirement age	65 with 5 years of service
Normal retirement benefits	Minimum of \$18.41 in monthly payments over 15 years
Death benefits	Equal to the accrued benefits at the date of death
Vested service	15 years

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

A. Town pension plans (continued)

3. Contributions

a. Employee retirement plan

Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen and collectively bargained contracts. Non-union members are required to contribute 2.00% of their pensionable wages to the plan.

The Town is required to contribute amounts necessary to fund benefits. The Town's contributions to the plan are actuarially determined on an annual basis. Administrative costs are financed through investment earnings.

Average active member contribution rate of annual base compensation was 0.69%

Town average contribution rate of covered payroll was 14.68%

b. Chester Hose Company VSAP

Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. Plan members are not required to contribute to the plan. The Town is required to contribute amounts necessary to fund benefits. The Town's contributions to the plan are actuarially determined on an annual basis. Administrative costs are financed through investment earnings.

The Town's funding policy is based on the actuarially determined employer contribution ("ADEC"). The Town has a policy to pay at least the greater of: (a) 40.00% of the ADEC; or (b) 80.00% of the prior year's actual contribution up to 100% of the ADEC.

4. Investments

a. Investment policy

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement 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 following was the Board's adopted asset allocation policy for both plans:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	5.00%
Core fixed income	35.00%
Equity market	50.00%
Non-U.S. Equity	10.00%

Included, but not limited, in these selections will be active management and passive index-like funds, and equity funds with a single range (e.g., large capitalization) and style category (e.g., growth, value). These investments may have an international equity exposure (e.g., foreign, global). Income funds will focus on credit quality (e.g., investment grade, high yield) and maturity period (e.g., short, intermediate, long term).

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Town pension plans (continued)****b. Concentrations**

There were no investments in any one organization that represents 5.00% or more of the pension plans' net position.

**c. Rate of return**

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation (see the discussion of the pension plans' investment policy) are summarized in the following tables for each plan:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Town</u>	<u>Chester Hose Company</u>
		<u>Long-term Expected Real Rate of Return</u>	
Cash	5.00%	(0.32%)	(0.32%)
Core fixed income	35.00%	1.37%	1.37%
Equity market	50.00%	5.33%	5.33%
Non-U.S. Equity	10.00%	6.74%	6.74%
Inflation rate		<u>2.50%</u>	<u>2.50%</u>
Long-term expected nominal rate of return		<u>6.50%</u>	<u>5.75%</u>

**d. Annual money-weighted rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	<u>Employee Retirement</u>	<u>Chester Hose Company VSAP</u>
Rate of return	(12.58%)	(12.60%)

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

A. Town pension plans (continued)

5. Net pension liability

The components of the net pension liability were as follows:

	Employee Retirement	Chester Hose Company VSAP
Total pension liability	\$ 2,601,747	\$ 899,863
Plan fiduciary net position	(2,026,761)	(856,294)
Net pension liability	<u>\$ 574,986</u>	<u>\$ 43,569</u>
Plan fiduciary net position as a percentage of total pension liability	<u>77.90%</u>	<u>95.16%</u>

6. Actuarial methods and significant assumptions

The net pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Employee Retirement	Chester Hose Company
Valuation date	January 1, 2022	July 1, 2021
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	6.50%	5.75%
Asset valuation method	Fair value	Fair value
Inflation	2.50%	2.50%
Salary increases	3.50%	N/A
Cost of living adjustments	None	None
Mortality rates	GAR 94 Table, Revenue Ruling 2001-62 for 417(e)	None

7. Changes from prior year

a. Changes in assumptions

Chester Hose Company VSAP:

	From	To
Investment rate of return	6.00%	5.75%

b. Changes in benefit terms

There were no changes in benefit terms.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Town pension plans (continued)****8. Discount rate**

The discount rate used to measure the total pension liability was as follows:

	Employee Retirement	Chester Hose Company
Discount rate	6.50%	5.75%

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

**A. Town pension plans (continued)****9. Changes in the net pension liability (asset)**

The Town's net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. The changes in net pension liability for the fiscal year were as follows:

	Increase (Decrease)		
Employee Retirement	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2021	<u>\$ 2,828,452</u>	<u>\$2,567,745</u>	<u>\$ 260,707</u>
Service cost	88,008	-	88,008
Interest	176,429	-	176,429
Differences between expected and actual experience	(80,333)	-	(80,333)
Contributions - employer	-	165,974	(165,974)
Contributions - member	-	7,793	(7,793)
Net investment income	-	(303,942)	303,942
Benefit payments, including refunds of member contributions	<u>(410,809)</u>	<u>(410,809)</u>	<u>-</u>
Net change	<u>(226,705)</u>	<u>(540,984)</u>	<u>314,279</u>
Balance at June 30, 2022	<u><u>\$ 2,601,747</u></u>	<u><u>\$2,026,761</u></u>	<u><u>\$ 574,986</u></u>

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Town pension plans (continued)**

The Chester Hose Company Plan's net pension liability (asset) was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of July 1, 2021. The changes in net pension liability for the fiscal year, were as follows:

Chester Hose Company VSAP	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at July 1, 2021	\$ 832,528	\$ 977,596	\$ (145,068)
Service cost	13,542	-	13,542
Interest	49,834	-	49,834
Differences between expected and actual experience	16,687	-	16,687
Changes in assumptions	18,772	-	18,772
Contributions - employer	-	32,000	(32,000)
Net investment income	-	(121,802)	121,802
Benefit payments, including refunds of member contributions	(31,500)	(31,500)	-
Net change	67,335	(121,302)	188,637
Balance at June 30, 2022	\$ 899,863	\$ 856,294	\$ 43,569

**10. Sensitivity of the net pension liability (asset) to changes in the discount rate**

The following presents the net pension liability (asset), calculated using the current discount rate as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Discount Rate	1% Decrease	Current Discount Rate	1% Increase
<u>Town Plan</u>				
Net pension liability	<u>6.50%</u>	<u>\$ 698,678</u>	<u>\$ 574,986</u>	<u>\$ 463,798</u>
<u>VSAP Plan</u>				
Net pension liability	<u>5.75%</u>	<u>\$ 125,213</u>	<u>\$ 43,569</u>	<u>\$ (27,991)</u>

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Town pension plans (continued)****11. Pension expense and deferred outflows and inflows of resources**

The Town recognized pension expense of \$120,129 for the Employee Retirement Plan and \$2,813 for the Chester Hose Company VSAP. For both plans, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Employee Retirement</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 47,821	\$ 76,905	\$ (29,084)
Net difference between projected and actual earnings on pension plan investments	<u>176,914</u>	<u>-</u>	<u>176,914</u>
Total	<u>\$ 224,735</u>	<u>\$ 76,905</u>	<u>\$ 147,830</u>
<u>Chester Hose Company VSAP</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 38,525	\$ 67,646	\$ (29,121)
Changes in assumptions	16,510	-	16,510
Net difference between projected and actual earnings on pension plan investments	<u>62,355</u>	<u>-</u>	<u>62,355</u>
Total	<u>\$ 117,390</u>	<u>\$ 67,646</u>	<u>\$ 49,744</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Differences between expected and actual experience and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members of the plans as follows:

<u>Plan</u>	<u>Years</u>
Employee Retirement	4.3
Chester Hose Company VSAP	9.4

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Town pension plans (continued)**

Amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Employee Retirement	Chester Hose Company VSAP
2023	\$ 21,087	\$ (1,049)
2024	17,667	6,270
2025	20,033	6,736
2026	89,043	33,262
2027	-	(1,685)
Thereafter	-	6,210
Total	<u>\$ 147,830</u>	<u>\$ 49,744</u>

**12. Plan statements**

**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**  
**June 30, 2022**

	Employee Retirement Plan	Chester Hose Company VSAP	Total
<u>Assets</u>			
Investments:			
Mutual funds:			
Equity	\$ 1,478,479	\$ 626,288	\$ 2,104,767
Money market	86,537	36,835	123,372
Bonds	345,346	138,574	483,920
Exchange traded funds	116,399	54,597	170,996
Total investments	<u>2,026,761</u>	<u>856,294</u>	<u>2,883,055</u>
<u>Net Position</u>			
Restricted for pension benefits	<u>\$ 2,026,761</u>	<u>\$ 856,294</u>	<u>\$ 2,883,055</u>

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**A. Town pension plans (continued)**

**Combining Statement of Changes in Fiduciary Net Position**  
**Pension Trust Funds**  
**For the Year Ended June 30, 2022**

	Employee Retirement Plan	Chester Hose Company VSAP	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Additions:			
Contributions			
Employer	\$ 165,974	\$ 32,000	\$ 197,974
Plan members	7,793	-	7,793
	<u>          </u>	<u>          </u>	<u>          </u>
Total contributions	173,767	32,000	205,767
	<u>          </u>	<u>          </u>	<u>          </u>
Investment income (loss):			
Net change in fair value of investments	(398,758)	(158,777)	(557,535)
Interest and dividends	102,318	39,746	142,064
	<u>          </u>	<u>          </u>	<u>          </u>
Total investment income (loss)	(296,440)	(119,031)	(415,471)
	<u>          </u>	<u>          </u>	<u>          </u>
Less investment expenses	7,502	2,771	10,273
	<u>          </u>	<u>          </u>	<u>          </u>
Net investment income (loss)	(303,942)	(121,802)	(425,744)
	<u>          </u>	<u>          </u>	<u>          </u>
Total additions	(130,175)	(89,802)	(219,977)
	<u>          </u>	<u>          </u>	<u>          </u>
Deductions:			
Benefits	410,809	31,500	442,309
	<u>          </u>	<u>          </u>	<u>          </u>
Change in net position	(540,984)	(121,302)	(662,286)
	<u>          </u>	<u>          </u>	<u>          </u>
Net position - July 1, 2021	2,567,745	977,596	3,545,341
	<u>          </u>	<u>          </u>	<u>          </u>
Net position - June 30, 2022	<u>\$ 2,026,761</u>	<u>\$ 856,294</u>	<u>\$ 2,883,055</u>

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Connecticut municipal employees' retirement system**

**1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission.

Municipalities may designate which departments (including elective officers if so specified) are to be covered under the Connecticut Municipal Employees' Retirement System ("MERS"). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full-time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

**2. Benefit provisions**

Normal retirement	
General employees	Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service
Police and fire	Compulsory retirement age is age 65
Benefit calculation	The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits.
With social security	1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security.
Without social security	2.00% of average final compensation, times years of service
Final average compensation	Average of the three highest paid years of service

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Connecticut municipal employees' retirement system (continued)**

<b>Early retirement</b>	5 years of continuous service or 15 years of active aggregate service
Early retirement amount	Calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation
Service connected disability amount	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
Non-service connected disability service requirement	10 years of service
Non-service connected disability service amount	Calculated based on compensation and service to the date of the disability
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit
Cost of living increases	2.50% - 6.00% depending on retirement date and increase in CPI

**3. Contributions**

**Employer**

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.

**Employees**

For employees not covered by social security, each person is required to contribute 6.00% of compensation.

For employees covered by social security, each person is required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.00% of compensation, if any, in excess of such base.

## Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022**B. Connecticut municipal employees' retirement system (continued)****4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

The Town reported \$35,568 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The Town's proportionate share of the net pension liability was based upon the Town's 2021 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 0.015028% for the general employees with social security sub plan. There was a 0.000665% increase in the Town's proportional share of the general employees with social security sub plan.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of the net pension liability.

For the fiscal year, the Town recognized pension expense of \$8,365. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows
Differences between expected and actual experience	\$ 3,096	\$ 5,198	\$ (2,102)
Net difference between projected and actual earnings on pension plan investments	-	15,238	(15,238)
Change of assumptions	4,784	-	4,784
Changes in proportional share	2,557	528	2,029
Contributions subsequent to the measurement date	916	-	916
Total	<u>\$ 11,353</u>	<u>\$ 20,964</u>	(9,611)
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			<u>(916)</u>
Net amortized amount of deferred inflows and outflows			<u>\$ (10,527)</u>

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Connecticut municipal employees' retirement system (continued)**

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ 2,582
2024	(4,604)
2025	(3,849)
2026	<u>(4,656)</u>
Total	<u>\$ (10,527)</u>

**5. Actuarial assumptions**

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

Investment rate of return	7.00%
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Cost of living adjustments	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 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%.
Mortality rates	Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

**Long-term expected rate of return**

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

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**B. Connecticut municipal employees' retirement system (continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Target Expected Real Rate of Return</u>
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond	5.00%	1.30%
Emerging market debt	5.00%	2.90%
High yield bond	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>	

**6. Discount rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at 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.

**7. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the Town's proportional share of the net pension liability of MERS, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate of 7.00%:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town's proportionate share of the net pension liability	<u>\$ 59,364</u>	<u>\$ 35,568</u>	<u>\$ 15,079</u>

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**B. Connecticut municipal employees' retirement system (continued)**

**8. Plan fiduciary net position**

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

**C. Connecticut state teachers' retirement system**

**1. Plan description**

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System ("TRS"), a cost sharing multiple-employer defined benefit pension plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

**2. Benefit provisions**

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Benefit calculation	2.00% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary)
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Early retirement amount	Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3.00% per year by which retirement precedes normal retirement date.
Service connected disability amount	2.00% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

C. Connecticut state teachers' retirement system (continued)

Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service
Vesting - amount	100%
Pre-retirement death benefit amount	Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service

3. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

Employer (school districts)

School district employers are not required to make contributions to the plan.

Employees

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>4,729,685</u>
Total	<u>\$ 4,729,685</u>

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**C. Connecticut state teachers' retirement system (continued)**

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The Town has no proportionate share of the net pension liability.

During the year, the Town recognized pension expense and revenue of \$396,031 for on-behalf amounts for contributions to the plan by the State.

**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3.00% and a maximum of 5.00% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

There were no changes in assumptions from the prior measurement date.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**C. Connecticut state teachers' retirement system (continued)****Long-term expected rate of return**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity fund	20.00%	5.60%
Developed market international stock fund	11.00%	6.00%
Emerging market international stock fund	9.00%	7.90%
Core fixed income fund	16.00%	2.10%
Inflation linked bond fund	5.00%	1.10%
Emerging market debt fund	5.00%	2.70%
High yield bond fund	6.00%	4.00%
Real estate fund	10.00%	4.50%
Private equity	10.00%	7.30%
Alternative investments	7.00%	2.90%
Liquidity fund	1.00%	0.40%
Total	<u>100.00%</u>	

**6. Discount rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State 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 to 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.

## Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022**C. Connecticut state teachers' retirement system (continued)****7. Sensitivity of the net pension liability to changes in the discount rate**

The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

**D. Total pension plans**

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Employee Retirement	\$ 574,986	\$ 224,735	\$ 76,905	\$ 120,129
Chester Hose Company VSAP	43,569	117,390	67,646	2,813
MERS	35,568	11,353	20,964	8,365
Total	<u>\$ 654,123</u>	<u>\$ 353,478</u>	<u>\$ 165,515</u>	<u>\$ 131,307</u>

**E. Other post-employment benefit plans****1. Plan description****a. Plan administration**

The Town administers two single-employer, postretirement healthcare plans for certain Town and Education employees. The plans do not have assets accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Management of the plans rests with the 5-member Retirement Board who are appointed by the Selectmen. At least one member of the Board shall also be a member of the Board of Finance.

**b. Plan membership**

As of the date of the latest actuarial valuation, June 30, 2021 for the Town plan and June 30, 2020 for the Education plan, membership consisted of:

<u>Type of member</u>	<u>Employees Covered</u>	
	<u>Town</u>	<u>Education</u>
Active members	6	25
Active members waiving coverage	-	6
Total	<u>6</u>	<u>31</u>

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

E. Other post-employment benefit plans (continued)

2. Benefit provisions

The Town and Education plans provide for medical, dental and life insurance benefits for all eligible retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

3. Contributions

The Town and Education plans are currently funded on a pay as you go basis. Plan members are not required to contribute to the plan.

Teachers who no longer work for the Education department are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These teachers are required to contribute the cost of the insurance to the Town.

4. Actuarial methods and significant assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Town	Education
Valuation date	June 30, 2021	June 30, 2020
Actuarial cost method	Entry age normal	Entry age normal
Discount rate	1.92%	1.92%
Healthcare cost trend rates:		
Inflation	2.25%	2.50%
Initial medical trend rate	6.70%	6.20%
Ultimate medical trend rate	3.70%	4.00%
Year ultimate medical trend rate reached	2075	2076
Mortality rates	Pub-2010 general mortality tables with projected mortality improvements based on scale MP-2020	Pub-2010 headcount-weighted mortality tables for Teachers

The discount rate was based on the S&P municipal bond 20-year high grade index as of the measurement date.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**E. Other post-employment benefit plans (continued)****5. Changes from prior year****a. Changes in assumptions**

The Town and Education plans had the following changes in assumptions:

	<b>From</b>	<b>To</b>
Discount rate	2.45%	1.92%

**b. Changes in benefit terms**

There were no changes in benefit terms for the Town and Education plans.

**6. Discount rate**

The discount rate used to measure the total OPEB liability was as follows:

	<u>Town</u>	<u>Education</u>
Discount rate	1.92%	1.92%

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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

**7. Changes in the total OPEB liability**

The Town's OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2021. The Education's OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as June 30, 2020.

	<u>Town</u>	<u>Education</u>
Total OPEB liability - July 1, 2021	<u>\$ 16,799</u>	<u>\$ 125,978</u>
Service cost	1,685	10,274
Interest	453	3,260
Differences between expected and actual experience	(2,699)	-
Changes of assumptions	732	5,330
Benefit payments	<u>-</u>	<u>(6,345)</u>
Net change	<u>171</u>	<u>12,519</u>
Total OPEB liability - June 30, 2022	<u><u>\$ 16,970</u></u>	<u><u>\$ 138,497</u></u>

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**E. Other post-employment benefit plans (continued)****8. Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<u>Plan</u>	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town	1.92%	\$ 17,752	\$ 16,970	\$ 16,206
Education	1.92%	\$148,971	\$ 138,497	\$128,574

**9. Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate**

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>Plan</u>	<u>Discount Rate</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Town	6.70% to 3.70%	\$ 15,894	\$ 16,970	\$ 18,117
Education	6.20% to 4.00%	\$122,506	\$ 138,497	\$157,054

**10. OPEB expense and deferred outflows of resources related to OPEB**

For the fiscal year, the Town recognized OPEB expense of \$171 for the Town plan and \$18,864 for the Education plan.

There were no reported deferred outflows or inflows of resources related to OPEB.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

F. Connecticut state teachers' retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

Normal retirement	Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut
Early retirement	25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service
Service connected disability service requirement	No service requirement
Non-service connected disability service requirement	Five years of credited service
Vesting - service	10 years of service

Retiree health care coverage

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost and contributes at least \$220 per month towards coverage under a local school district plan.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

**Survivor health care coverage**

Survivors of former employees or retirees remain eligible to participate in the Plan and continue to be eligible to receive either the \$110 monthly subsidy or participate in the TRB-Sponsored Medicare Supplemental Plans, as long as they do not remarry.

**3. Contributions****State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State pays for one third of plan costs through an annual appropriation in the General Fund.

**Employer (school districts)**

School district employers are not required to make contributions to the plan.

**Employees**

Each member is required to contribute 1.25% of their annual salary.

**4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB**

The Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution.

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

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

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>515,291</u>
Total	<u>\$ 515,291</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$9,319 for on-behalf amounts for contributions to the plan by the State.

**5. Actuarial assumptions**

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

Investment rate of return	3.00%
Discount rate	2.17%
Inflation	2.50%
Health care cost trend rate (Medicare)	5.125% decreasing to 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Mortality rates	Mortality rates were based on the PubT-2010 Table, projected generationally with MP-2019
Year fund net position will be depleted	2023

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 5-year period ending June 30, 2019.

**Changes in assumptions and inputs**

- The discount rate was decreased from 2.21% to 2.17% to reflect the change in the Municipal Bond Index rate.

Town of Chester, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2022

**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

**Long-term expected rate of return**

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 2.00%. Since there have not been any changes to the asset allocation and the recent economic downturn is expected to be temporary, the funding rate of 3.00% continues to be used for the long-term investment rate of return as of June 30, 2021.

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 2.17%. The Municipal Bond Index Rate of 2.16% was used in the determination in the discount rate. 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 annual State contributions will equal the most recent 5-year average of state contributions.

**7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate**

The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the change in the discount rate and the health care cost trend rate would only impact the amount recorded by the State of Connecticut.

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Annual Comprehensive Financial Report as of and for the year ended June 30, 2021.

**G. Total OPEB plans**

	<u>OPEB Liability</u>	<u>OPEB Expense</u>
Town	\$ 16,970	\$ 171
Education	<u>138,497</u>	<u>18,864</u>
Total	<u>\$ 155,467</u>	<u>\$ 19,035</u>

## Town of Chester, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2022**

**VI. Prior period adjustment**

As a result of the implementation of GASB No. 87 lease receivable and deferred inflows of resources and right-to-use leased assets and lease liability were recorded. There was no impact on beginning net position or fund balance. The amounts recorded are as follows:

	Governmental Activities	General Fund
	<u>                    </u>	<u>                    </u>
Lease receivable	\$ 547,199	\$ 547,199
Deferred inflows of resources - lease related	(547,199)	(547,199)
Capital assets:		
Right-to-use leased assets	55,998	-
Long-term liabilities:		
Lease liability	(55,998)	-

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# Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund
	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<hr/>	
<u>Pension Plans</u> Town Chester Hose Company Municipal Employees' Retirement System State Teacher's Retirement System	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Proportionate Share of the Net Pension Liability
	Schedule of Contributions
	Notes to Required Supplementary Information
<hr/>	
<u>Other Post-Employment Benefits Plans</u> Town Education State Teacher's Retirement Board Retiree Health Insurance Plan	Schedule of Changes in OPEB Liability
	Schedule of Proportionate Share of the Net OPEB Liability
	Schedule of Contributions
	Notes to Required Supplementary Information

Town of Chester, Connecticut  
Required Supplementary Information

General Fund  
Schedule of Revenues and Other Financing Sources  
Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Grand list current year	\$ 12,912,343	\$ -	\$ 12,912,343	\$ 13,240,729	\$ 328,386
Prior years' taxes	90,000	-	90,000	83,508	(6,492)
Interest and lien fees	50,000	-	50,000	50,962	962
Telephone access grant	9,000	-	9,000	8,347	(653)
Total property taxes	13,061,343	-	13,061,343	13,383,546	322,203
Intergovernmental revenues:					
Education: equal (ECS)	768,000	-	768,000	830,164	62,164
Town aid road	190,000	-	190,000	190,203	203
Local capital improvement project	30,000	-	30,000	30,000	-
Gas tax refund	2,000	-	2,000	1,945	(55)
State owned property	9,000	-	9,000	11,737	2,737
Mashantucket Pequot	3,250	-	3,250	3,278	28
DUI grant	10,000	-	10,000	-	(10,000)
Judicial fine reimbursement	3,000	-	3,000	1,315	(1,685)
Surplus revenue sharing	89,250	-	89,250	89,264	14
Veterans' tax exemption	2,600	-	2,600	1,682	(918)
Other grants	-	-	-	63,810	63,810
Totally disabled exemption	200	-	200	191	(9)
Tiered PILOT	-	-	-	4,171	4,171
Total intergovernmental revenues	1,107,300	-	1,107,300	1,227,760	120,460
Charges for services:					
Building permits	50,000	-	50,000	94,167	44,167
Aircraft registration	13,000	-	13,000	12,500	(500)
Planning and zoning permits	5,500	-	5,500	3,749	(1,751)
Inland wetland permits	700	-	700	1,750	1,050
Zoning board of appeals permits	200	-	200	-	(200)
Pistol permits	1,500	-	1,500	1,680	180
Fire marshal permits	100	-	100	160	60
Environmental fund	100	-	100	110	10
Solicitors license	500	-	500	800	300
Raffle permits	100	-	100	40	(60)
Rental - 203 Middlesex Avenue	67,600	-	67,600	81,173	13,573
Conveyance tax	55,000	-	55,000	72,430	17,430
Dog fund	1,400	-	1,400	1,840	440
Town clerk fees	29,000	-	29,000	39,473	10,473
WCPA assessment	13,000	-	13,000	20,599	7,599
Police private duty	17,000	-	17,000	53,094	36,094
Police violations	6,000	-	6,000	3,435	(2,565)
Parks and recreation park passes	9,000	-	9,000	16,468	7,468
Rental - 20 Water Street	7,650	-	7,650	7,880	230
Library fines	500	-	500	503	3
Rental - meeting house - community center	2,000	-	2,000	3,970	1,970
Rental - cedar lake shack	500	-	500	500	-
Copier - assessor	100	-	100	47	(53)
Copier - library	500	-	500	280	(220)
Ambulance billings	200,000	-	200,000	229,878	29,878
Community investment account	1,400	-	1,400	1,524	124
Other	-	-	-	5,165	5,165
Total charges for services	482,350	-	482,350	653,215	170,865

(Continued)

See Notes to Required Supplementary Information.

Town of Chester, Connecticut

Required Supplementary Information

General Fund  
Schedule of Revenues and Other Financing Sources  
Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Income from investments	\$ 10,000	\$ -	\$ 10,000	\$ 9,257	\$ (743)
Other	-	-	-	291,939	291,939
Total revenues	14,660,993	-	14,660,993	15,565,717	904,724
Other financing sources:					
Appropriation of fund balance	200,000	535,000	735,000	-	(735,000)
Total revenues and other financing sources	<u>\$ 14,860,993</u>	<u>\$ 535,000</u>	<u>\$ 15,395,993</u>	<u>\$ 15,565,717</u>	<u>\$ 169,724</u>

(Concluded)

Town of Chester, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Selectman	\$ 160,063	\$ 11,849	\$ 171,912	\$ 170,391	\$ 1,521
Finance	121,215	-	121,215	120,124	1,091
Town office operations	73,610	2,402	76,012	76,009	3
Town clerk	99,747	2,576	102,323	102,320	3
Treasurer	25,454	-	25,454	25,352	102
Tax collector	65,016	-	65,016	63,640	1,376
Tax assessor	74,297	(2,576)	71,721	71,500	221
Board of assessment appeals	300	-	300	300	-
Board of finance	99,100	(73,975)	25,125	25,117	8
Registrar of voters	17,995	-	17,995	14,043	3,952
Building department	30,862	3,119	33,981	32,829	1,152
Conservation commission	540	-	540	43	497
Harbor management	200	-	200	200	-
Planning and zoning	57,400	(11,641)	45,759	44,275	1,484
Inland wetland	11,871	(5,521)	6,350	3,099	3,251
Zoning board of appeals	200	-	200	161	39
Economic development commission	2,850	-	2,850	-	2,850
Parks and recreation commission	119,663	-	119,663	111,744	7,919
Library	163,199	(11,849)	151,350	148,248	3,102
Total general government	1,123,582	(85,616)	1,037,966	1,009,395	28,571
Public works:					
Highways	553,196	50,612	603,808	600,091	3,717
Municipal services	153,900	5,999	159,899	159,896	3
Building and grounds	141,600	83,524	225,124	224,932	192
Total public works	848,696	140,135	988,831	984,919	3,912
Public safety:					
Fire protection	417,541	(24,990)	392,551	390,211	2,340
Police protection	354,602	9,893	364,495	364,490	5
Safety services	209,692	-	209,692	192,124	17,568
Animal control	21,372	-	21,372	19,995	1,377
Total public safety	1,003,207	(15,097)	988,110	966,820	21,290
Health and welfare:					
Human services department	95,836	-	95,836	94,813	1,023
Health services	63,757	-	63,757	63,757	-
Total health and welfare	159,593	-	159,593	158,570	1,023

(Continued)

Town of Chester, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2022

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Benefits and insurance:					
Employee benefits	\$ 475,700	\$ (41,319)	\$ 434,381	\$ 431,713	\$ 2,668
Retirement board	230,174	260	230,434	230,434	-
Municipal insurance	85,734	1,637	87,371	87,371	-
Payments to organizations	23,459	-	23,459	23,320	139
Total benefits and insurance	815,067	(39,422)	775,645	772,838	2,807
Education:					
Regional School District Number 4	5,127,542	-	5,127,542	5,127,298	244
Chester Elementary School	5,150,022	-	5,150,022	5,045,790	104,232
Total education	10,277,564	-	10,277,564	10,173,088	104,476
Debt service:					
Interest	9,652	-	9,652	9,621	31
Principal	73,132	-	73,132	72,387	745
Total debt service	82,784	-	82,784	82,008	776
Total expenditures	14,310,493	-	14,310,493	14,147,638	162,855
Other financing uses:					
Transfers out:					
Capital reserve fund	550,500	535,000	1,085,500	1,085,500	-
Total expenditures and other financing uses	\$ 14,860,993	\$ 535,000	\$ 15,395,993	\$ 15,233,138	\$ 162,855

(Concluded)

**Town of Chester, Connecticut**

**Notes to Required Supplementary Information**

**Budgets and Budgetary Accounting  
For the Year Ended June 30, 2022**

A formal, legally approved, annual budget is adopted for the General Fund. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- The Town does not budget for as revenue or expenditures amounts paid for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.

**Budget to GAAP Reconciliation**

<u>Reconciliation to Exhibit D</u>	<u>Revenues</u>	<u>Expenditures</u>
Budgetary Basis - RSI-1 A and B	\$15,565,717	\$14,147,638
State Teachers' pension on behalf amount	396,031	396,031
State Teachers' OPEB on behalf amount	<u>9,319</u>	<u>9,319</u>
GAAP Basis - Exhibit D	<u>\$ 15,971,067</u>	<u>\$ 14,552,988</u>

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one-time additional appropriation up to \$20,000 to any appropriation. A Town Meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion.

There were additional appropriations from fund balance during the year of \$535,000.

**Town of Chester, Connecticut**  
**Required Supplementary Information**  
**Employee Retirement Plan**  
**Last Nine Years (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>									
Total pension liability:									
Service cost	\$ 88,008	\$ 87,084	\$ 81,261	\$ 70,205	\$ 59,422	\$ 71,670	\$ 63,974	\$ 69,134	\$ 78,964
Interest	176,429	172,908	155,328	143,366	141,085	146,569	136,065	127,803	118,706
Difference between expected and actual experience	(80,333)	14,482	64,133	(6,055)	69,666	(51,794)	(23,052)	(23,165)	-
Benefit payments, including refunds of member contributions	(410,809)	(37,524)	(34,696)	(34,438)	(450,718)	(32,926)	(58,971)	(24,782)	(24,782)
Net change in total pension liability	(226,705)	236,950	266,026	173,078	(180,545)	133,519	118,016	148,990	172,888
Total pension liability - July 1	<u>2,828,452</u>	<u>2,591,502</u>	<u>2,325,476</u>	<u>2,152,398</u>	<u>2,332,943</u>	<u>2,199,424</u>	<u>2,081,408</u>	<u>1,932,418</u>	<u>1,759,530</u>
Total pension liability - June 30 (a)	<u>2,601,747</u>	<u>2,828,452</u>	<u>2,591,502</u>	<u>2,325,476</u>	<u>2,152,398</u>	<u>2,332,943</u>	<u>2,199,424</u>	<u>2,081,408</u>	<u>1,932,418</u>
Plan fiduciary net position:									
Contributions - employer	165,974	146,394	133,832	139,255	137,578	146,669	161,804	155,733	155,733
Contributions - member	7,793	10,746	8,466	5,970	4,647	5,915	8,317	8,193	7,416
Net investment income	(303,942)	454,876	123,762	111,781	92,682	176,495	17,651	30,251	141,011
Benefit payments, including refunds of member contributions	(410,809)	(37,524)	(34,696)	(34,438)	(450,718)	(32,926)	(58,971)	(24,782)	(24,782)
Administration	-	(4,647)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(540,984)	569,845	231,364	222,568	(215,811)	296,153	128,801	169,395	279,378
Plan fiduciary net position - July 1	<u>2,567,745</u>	<u>1,997,900</u>	<u>1,766,536</u>	<u>1,543,968</u>	<u>1,759,779</u>	<u>1,463,626</u>	<u>1,334,825</u>	<u>1,165,430</u>	<u>886,052</u>
Plan fiduciary net position - June 30 (b)	<u>2,026,761</u>	<u>2,567,745</u>	<u>1,997,900</u>	<u>1,766,536</u>	<u>1,543,968</u>	<u>1,759,779</u>	<u>1,463,626</u>	<u>1,334,825</u>	<u>1,165,430</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 574,986</u>	<u>\$ 260,707</u>	<u>\$ 593,602</u>	<u>\$ 558,940</u>	<u>\$ 608,430</u>	<u>\$ 573,164</u>	<u>\$ 735,798</u>	<u>\$ 746,583</u>	<u>\$ 766,988</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>77.90%</u>	<u>90.78%</u>	<u>77.09%</u>	<u>75.96%</u>	<u>71.73%</u>	<u>75.43%</u>	<u>66.55%</u>	<u>64.13%</u>	<u>60.31%</u>
Covered payroll	<u>\$1,130,900</u>	<u>\$ 961,879</u>	<u>\$ 873,568</u>	<u>\$ 937,278</u>	<u>\$ 958,949</u>	<u>\$ 1,005,780</u>	<u>\$ 866,218</u>	<u>\$ 839,376</u>	<u>\$ 736,038</u>
Net pension liability as a percentage of covered payroll	<u>50.84%</u>	<u>27.10%</u>	<u>67.95%</u>	<u>59.63%</u>	<u>63.45%</u>	<u>56.99%</u>	<u>84.94%</u>	<u>88.95%</u>	<u>104.20%</u>

**Schedule of Investment Returns**

Annual money weighted rate of return, net of investment expense	<u>(12.58%)</u>	<u>22.46%</u>	<u>7.03%</u>	<u>7.30%</u>	<u>6.45%</u>	<u>11.29%</u>	<u>1.30%</u>	<u>2.61%</u>	<u>16.05%</u>
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(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

## Town of Chester, Connecticut

## Required Supplementary Information

Employee Retirement Plan  
Schedule of Contributions  
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 165,974	\$ 146,394	\$ 133,832	\$ 139,255	\$ 137,578	\$ 146,669	\$ 161,804	\$ 155,733	\$ 139,601	\$ 134,345
Contributions in relation to the actuarially determined contribution	<u>165,974</u>	<u>146,394</u>	<u>133,832</u>	<u>139,255</u>	<u>137,578</u>	<u>146,669</u>	<u>161,804</u>	<u>155,733</u>	<u>155,733</u>	<u>134,345</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,132</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,130,900</u>	<u>\$ 961,879</u>	<u>\$ 873,568</u>	<u>\$ 937,278</u>	<u>\$ 958,949</u>	<u>\$ 1,005,780</u>	<u>\$ 866,218</u>	<u>\$ 839,376</u>	<u>\$ 736,038</u>	<u>\$ 723,891</u>
Contributions as a percentage of covered payroll	<u>14.68%</u>	<u>15.22%</u>	<u>15.32%</u>	<u>14.86%</u>	<u>14.35%</u>	<u>14.58%</u>	<u>18.68%</u>	<u>18.55%</u>	<u>21.16%</u>	<u>18.56%</u>

**Town of Chester, Connecticut**  
**Notes to Required Supplementary Information**

**Employee Retirement Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Changes of Benefit Terms	None									
The actuarially determined contribution rates are calculated as of	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014	January 1, 2013
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial Cost Method	Entry age	Aggregate cost	Aggregate cost							
Amortization Method	Level dollar amount									
Asset Valuation Method	5 year smoothing									
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	N/A
Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.75%	7.50%
Mortality Rate	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table as basis for determining lump sum distribution.

N/A - Not available

**Town of Chester, Connecticut**  
**Required Supplementary Information**

**Chester Hose Company VSAP**  
**Last Nine Years (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>									
Total pension liability:									
Service cost	\$ 13,542	\$ 13,946	\$ 11,780	\$ 11,281	\$ 13,136	\$ 15,705	\$ 13,958	\$ 15,011	\$ 12,829
Interest	49,834	48,932	50,656	48,012	48,884	41,998	40,928	39,225	34,902
Difference between expected and actual experience	16,687	(15,756)	(47,704)	23,645	-	91,243	-	-	-
Changes in assumptions	18,772	-	-	-	(37,134)	18,913	(26,371)	72,217	-
Benefit payments, including refunds of member contributions	<u>(31,500)</u>	<u>(31,878)</u>	<u>(59,017)</u>	<u>(20,282)</u>	<u>(54,340)</u>	<u>(46,846)</u>	<u>(13,097)</u>	<u>(43,956)</u>	<u>(14,130)</u>
Net change in total pension liability	67,335	15,244	(44,285)	62,656	(29,454)	121,013	15,418	82,497	33,601
Total pension liability - July 1	<u>832,528</u>	<u>817,284</u>	<u>861,569</u>	<u>798,913</u>	<u>828,367</u>	<u>707,354</u>	<u>691,936</u>	<u>609,439</u>	<u>575,838</u>
Total pension liability - June 30 (a)	<u>899,863</u>	<u>832,528</u>	<u>817,284</u>	<u>861,569</u>	<u>798,913</u>	<u>828,367</u>	<u>707,354</u>	<u>691,936</u>	<u>609,439</u>
Plan fiduciary net position:									
Contributions - employer	32,000	30,579	32,000	30,187	35,827	35,827	34,044	28,562	29,344
Net investment income	(121,802)	182,960	36,901	78,740	58,293	67,438	23,582	28,366	76,098
Benefit payments, including refunds of member contributions	(31,500)	(31,878)	(59,017)	(20,282)	(54,340)	(46,846)	(13,097)	(43,956)	(14,130)
Administrative expenses	-	(2,464)	(2,320)	(1,069)	-	-	-	-	-
Net change in plan fiduciary net position	(121,302)	179,197	7,564	87,576	39,780	56,419	44,529	12,972	91,312
Plan fiduciary net position - July 1	<u>977,596</u>	<u>798,399</u>	<u>790,835</u>	<u>703,259</u>	<u>663,479</u>	<u>607,060</u>	<u>562,531</u>	<u>549,559</u>	<u>458,247</u>
Plan fiduciary net position - June 30 (b)	<u>856,294</u>	<u>977,596</u>	<u>798,399</u>	<u>790,835</u>	<u>703,259</u>	<u>663,479</u>	<u>607,060</u>	<u>562,531</u>	<u>549,559</u>
Net pension liability (asset) - June 30 (a)-(b)	<u>\$ 43,569</u>	<u>\$ (145,068)</u>	<u>\$ 18,885</u>	<u>\$ 70,734</u>	<u>\$ 95,654</u>	<u>\$ 164,888</u>	<u>\$ 100,294</u>	<u>\$ 129,405</u>	<u>\$ 59,880</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.16%</u>	<u>117.42%</u>	<u>97.69%</u>	<u>91.79%</u>	<u>88.03%</u>	<u>80.09%</u>	<u>85.82%</u>	<u>81.30%</u>	<u>90.17%</u>
Covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability (asset) as a percentage of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**Schedule of Investment Returns**

Annual money weighted rate of return, net of investment expense	<u>(12.60%)</u>	<u>22.95%</u>	<u>4.58%</u>	<u>11.32%</u>	<u>9.25%</u>	<u>10.73%</u>	<u>4.17%</u>	<u>5.36%</u>	<u>16.80%</u>
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N/A - Volunteer Plan

(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

See Notes to Required Supplementary Information.

## Town of Chester, Connecticut

## Required Supplementary Information

Chester Hose Company VSAP  
Schedule of Contributions  
Last Ten Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contributions	\$ 32,000	\$ 20,717	\$ 30,579	\$ 30,187	\$ 40,959	\$ 30,827	\$ 34,044	\$ 28,526	\$ 29,316	\$ 29,344
Contributions in relation to the actuarially determined contribution	<u>32,000</u>	<u>30,579</u>	<u>32,000</u>	<u>30,187</u>	<u>35,827</u>	<u>35,827</u>	<u>34,044</u>	<u>28,562</u>	<u>29,344</u>	<u>27,777</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ 9,862</u>	<u>\$ 1,421</u>	<u>\$ -</u>	<u>\$ (5,132)</u>	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 28</u>	<u>\$ (1,567)</u>
Covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Volunteer plan

**Town of Chester, Connecticut**  
**Notes to Required Supplementary Information**

**Chester Hose Company VSAP**  
**Schedule of Contributions**  
**Last Ten Years**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Changes of Benefit Terms	None	None	None	None	None	2017 - monthly benefit amount at normal retirement increased from \$16.67 per year of service with a maximum of \$250 per month to \$18.41 per year of service with a maximum of \$276.08 per month.	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	January 1, 2015	January 1, 2014	January 1, 2014	January 1, 2013

Actuarial methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Aggregate cost	Aggregate cost
Amortization Method	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar	Level dollar
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	N/A
Salary Increases	N/A - Volunteer plan									
Investment Rate of Return (Net)	5.75%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Rate	None	None	None	None	None	None	None	None	None	None

N/A - Not available

## Town of Chester, Connecticut

## Required Supplementary Information

Connecticut Municipal Employees' Retirement System  
Last Eight Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Proportionate Share of the Net Pension Liability</u></b>								
Town's proportion of the net pension (asset) liability	<u>0.015028%</u>	<u>0.014363%</u>	<u>0.014753%</u>	<u>0.013807%</u>	<u>0.013732%</u>	<u>0.013732%</u>	<u>0.014771%</u>	<u>0.014771%</u>
Town's proportionate share of the net pension (asset) liability	<u>\$ 35,568</u>	<u>\$ 56,404</u>	<u>\$ 54,451</u>	<u>\$ 52,806</u>	<u>\$ 22,699</u>	<u>\$ 26,953</u>	<u>\$ 20,223</u>	<u>\$ 15,195</u>
Town's covered payroll	<u>\$ 40,693</u>	<u>\$ 36,784</u>	<u>\$ 37,926</u>	<u>\$ 38,864</u>	<u>\$ 32,689</u>	<u>\$ 32,689</u>	<u>\$ 32,777</u>	<u>\$ 32,777</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>87.41%</u>	<u>153.34%</u>	<u>143.57%</u>	<u>135.87%</u>	<u>69.44%</u>	<u>82.45%</u>	<u>61.70%</u>	<u>46.36%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>82.59%</u>	<u>71.18%</u>	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>
<b><u>Schedule of Contributions</u></b>								
Contractually required contribution	\$ 9,663	\$ 5,633	\$ 5,092	\$ 4,617	\$ 4,148	\$ 4,148	\$ 3,720	\$ 3,720
Contributions in relation to the contractually required contribution	<u>9,663</u>	<u>5,633</u>	<u>5,092</u>	<u>4,617</u>	<u>4,148</u>	<u>4,148</u>	<u>3,720</u>	<u>3,720</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Town's covered payroll	<u>\$ 58,777</u>	<u>\$ 37,679</u>	<u>\$ 35,809</u>	<u>\$ 39,327</u>	<u>\$ 35,332</u>	<u>\$ 36,450</u>	<u>\$ 32,689</u>	<u>\$ 31,052</u>
Contributions as a percentage of covered payroll	<u>16.44%</u>	<u>14.95%</u>	<u>14.22%</u>	<u>11.74%</u>	<u>11.74%</u>	<u>11.38%</u>	<u>11.38%</u>	<u>11.98%</u>

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

**Town of Chester, Connecticut**  
**Notes to Required Supplementary Information**  
**Connecticut Municipal Employees' Retirement System**  
**Schedule of Contributions**  
**Last Eight Years (1)**

	2022	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age				
Amortization Method	Level dollar, closed	Level dollar, closed	Level dollar, closed	Level dollar, closed				
Remaining Amortization Period	18 years	19 years	20 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing				
Inflation	2.50%	2.50%	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation	4.25%-11.00%, average, including inflation			
Cost-of-Living Adjustments	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards	After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards
Social Security Wage Base	3.00%	3.00%	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return (Net)	7.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%
Mortality	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	General Employees: RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries Police and Fire: RP-2014 Blue Collar Mortality Table adjusted to 2006 projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

## Town of Chester, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Eight Years (3)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Proportionate Share of the Net Pension Liability</u></b>								
Town's proportion of the net pension liability	<u>0.00%</u>							
Town's proportionate share of the net pension liability	<u>\$ -</u>							
State's proportionate share of the net pension liability associated with the Town	<u>4,729,685</u>	<u>5,971,761</u>	<u>6,293,759</u>	<u>4,852,854</u>	<u>4,221,104</u>	<u>4,456,288</u>	<u>3,698,179</u>	<u>3,418,225</u>
Total	<u>\$ 4,729,685</u>	<u>\$ 5,971,761</u>	<u>\$ 6,293,759</u>	<u>\$ 4,852,854</u>	<u>\$ 4,221,104</u>	<u>\$ 4,456,288</u>	<u>\$ 3,698,179</u>	<u>\$ 3,418,225</u>
Town's covered payroll	<u>(2)</u>							
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>							
Plan fiduciary net position as a percentage of the total pension liability	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>

**Schedule of Contributions**

Contractually required contribution (1)	<u>\$ -</u>							
Contributions in relation to the contractually required contribution	<u>-</u>							
Contribution deficiency (excess)	<u>\$ -</u>							
Town's covered payroll	<u>(2)</u>							
Contributions as a percentage of covered payroll	<u>0.00%</u>							

(1) Local employees are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the net pension liability.

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Chester, Connecticut**  
**Notes to Required Supplementary Information**  
**Connecticut State Teachers' Retirement System**  
**Schedule of Contributions**  
**Last Eight Years (1)**

	2022	2021	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	2018, member contributions increased from 6.00% to 7.00% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016	June 30, 2016	June 30, 2014	June 30, 2014
Actuarial methods and assumptions used to determine contribution rates:								
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed, grading to a level dollar	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	27.8 years	27.8 years	30 years	30 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing	4 year smoothing
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.00%-6.50%, average, including inflation	3.00%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Cost-of-Living Adjustments	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	1.75%-3.00% based on retirement date	2.00%-3.00% based on retirement date	2.00%-3.00% based on retirement date
Investment Rate of Return (Net)	6.90%	6.90%	6.90%	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2000 Combined Mortality Table projected 19 years using scale AA	RP-2000 Combined Mortality Table projected 19 years using scale AA

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(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Chester, Connecticut

## Required Supplementary Information

**Other Post-Employment Benefit (OPEB) Plan  
Town and Education Plans  
Schedule of Changes in OPEB Liability  
Last Five Years (1)**

<u>Town Plan</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPEB liability:					
Service cost	\$ 1,685	\$ 1,513	\$ 1,448	\$ 1,399	\$ 1,432
Interest	453	580	895	802	615
Difference between expected and actual experience	(2,699)	(2,893)	(9,437)	-	-
Changes in assumptions	<u>732</u>	<u>574</u>	<u>847</u>	<u>(48)</u>	<u>(543)</u>
Net change in total OPEB liability	171	(226)	(6,247)	2,153	1,504
Total OPEB liability - July 1	<u>16,799</u>	<u>17,025</u>	<u>23,272</u>	<u>21,119</u>	<u>19,615</u>
Total OPEB liability - June 30 (2)	<u>\$ 16,970</u>	<u>\$ 16,799</u>	<u>\$ 17,025</u>	<u>\$ 23,272</u>	<u>\$ 21,119</u>
 <u>Education Plan</u>					
OPEB liability:					
Service cost	\$ 10,274	\$ 13,958	\$ 12,281	\$ 8,896	\$ 9,323
Interest	3,260	5,016	4,896	5,292	4,158
Difference between expected and actual experience	-	(33,533)	-	(3,834)	-
Changes in assumptions	5,330	(5,757)	6,140	(27,121)	(6,821)
Benefit payments, including refunds of member contributions	<u>(6,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in total OPEB liability	12,519	(20,316)	23,317	(16,767)	6,660
Total OPEB liability - July 1	<u>125,978</u>	<u>146,294</u>	<u>122,977</u>	<u>139,744</u>	<u>133,084</u>
Total OPEB liability - June 30 (2)	<u>\$ 138,497</u>	<u>\$ 125,978</u>	<u>\$ 146,294</u>	<u>\$ 122,977</u>	<u>\$ 139,744</u>

Notes:

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

(2) There are no assets that are being accumulated in a trust that meets the criteria in GASB No. 75 to pay benefits.

Covered employee payroll information is not available.

## Town of Chester, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Five Years (3)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Schedule of Proportionate Share of the Net OPEB Liability</u></b>					
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the collective net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>515,291</u>	<u>890,688</u>	<u>981,547</u>	<u>970,134</u>	<u>1,086,462</u>
Total	<u>\$ 515,291</u>	<u>\$ 890,688</u>	<u>\$ 981,547</u>	<u>\$ 970,134</u>	<u>\$ 1,086,462</u>
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

**Schedule of Contributions**

Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>				
Town's covered payroll	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

See Notes to Required Supplementary Information.

Town of Chester, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Schedule of Contributions  
Last Five Years (1)

	2022	2021	2020	2019	2018
Changes of Benefit Terms	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2016
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%
Healthcare Inflation Rate	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.125% decreasing to 4.50% (ultimate) by 2023	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 5.95% decreasing to 4.75% (ultimate) by 2025	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.00% to 6.50%, including inflation	3.00% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return (Net)	3.00%	3.00%	3.00%	3.00%	4.25%
Mortality Rate	PubT-2010 Table projected generationally with MP-2019	PubT-2010 Table projected generationally with MP-2019	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale	RP-2014 White Collar table projected to the year 2020 using the BB improvement scale

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

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# **Supplemental Schedules**

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# General Fund

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The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public works, public safety, health and welfare, benefits and insurance, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.

**Town of Chester Connecticut**  
**Report of Tax Collector**  
**For the Year Ended June 30, 2022**

Grand List Year	Uncollected Taxes July 1, 2021	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2022
			Additions	Deductions			Net Taxes Collected	Interest and Liens	Total	
2016	\$ 6,575	\$ -	\$ -	\$ -	\$ -	\$ 6,575	\$ 3,567	\$ 1,322	\$ 4,889	\$ 3,008
2017	14,164	-	69	-	569	13,664	8,140	3,636	11,776	5,524
2018	27,291	-	250	-	1,745	25,796	589	5,658	6,247	25,207
2019	<u>65,502</u>	<u>-</u>	<u>4,783</u>	<u>7,138</u>	<u>1,866</u>	<u>61,281</u>	<u>43,448</u>	<u>10,822</u>	<u>54,270</u>	<u>17,833</u>
Subtotal	113,532	-	5,102	7,138	4,180	107,316	55,744	21,438	77,182	51,572
2020	<u>-</u>	<u>13,345,107</u>	<u>10,820</u>	<u>35,144</u>	<u>72</u>	<u>13,320,711</u>	<u>13,246,553</u>	<u>28,250</u>	<u>13,274,803</u>	<u>74,158</u>
Total	<u>\$ 113,532</u>	<u>\$ 13,345,107</u>	<u>\$ 15,922</u>	<u>\$ 42,282</u>	<u>\$ 4,252</u>	<u>\$ 13,428,027</u>	<u>\$ 13,302,297</u>	<u>\$ 49,688</u>	<u>\$ 13,351,985</u>	125,730
								Interest and liens receivable		23,120
								Allowance for doubtful accounts		<u>(30,000)</u>
								Taxes, interest and liens receivable (net)		<u>\$ 118,850</u>

# Other Governmental Funds

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Emergency Fuel/Community Fund	Contributions	Emergency assistance programs
Parks and Recreation Fund	Charges for services	Parks and recreation programs
Small Cities Fund	Grants and loan repayments	Residential rehabilitation loan program and renovation project
Historic Records Preservation Fund	Grants and charges for services	Historic documents preservation
Library Fund	Contributions	Library related programs
Harbor Fund	Charges for services	Harbor maintenance
Town Grants Fund	Grants, charges for services, and contributions	Various Town programs
Sewer System Fund	Charges for services	Sewer operations
Cafeteria Fund	Grants and charges for services	School lunch and breakfast program
Education Grants Fund	Grants	Education programs
School Activity Fund	Fees	Student activity funds and school scholarships

Town of Chester, Connecticut

Other Governmental Funds  
Combining Balance Sheet  
June 30, 2022

		Special Revenue Funds					
		Emergency Fuel/ Community Fund	Parks and Recreation Fund	Small Cities Fund	Historic Records Preservation Fund	Library Fund	Harbor Fund
<u>Assets</u>							
	Cash	\$ -	\$ 53,178	\$ 767	\$ 10,255	\$ 5,659	\$ -
	Investments	9,483	-	196,906	-	15,908	7,515
	Receivables:						
	Accounts	-	-	-	-	-	-
	Intergovernmental	-	-	-	-	-	-
	Loans	-	-	90,715	-	-	-
	Other	-	-	-	-	-	-
	<b>Total assets</b>	<u>\$ 9,483</u>	<u>\$ 53,178</u>	<u>\$ 288,388</u>	<u>\$ 10,255</u>	<u>\$ 21,567</u>	<u>\$ 7,515</u>
<u>Liabilities</u>							
	Accounts payable	\$ 2,830	\$ -	\$ 1,625	\$ -	\$ -	\$ -
	Due to other funds	-	-	-	-	-	-
	<b>Total liabilities</b>	<u>2,830</u>	<u>-</u>	<u>1,625</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>							
	Restricted	6,653	-	286,763	10,255	-	-
	Committed	-	53,178	-	-	21,567	7,515
	<b>Total fund balances</b>	<u>6,653</u>	<u>53,178</u>	<u>286,763</u>	<u>10,255</u>	<u>21,567</u>	<u>7,515</u>
	<b>Total liabilities and fund balances</b>	<u>\$ 9,483</u>	<u>\$ 53,178</u>	<u>\$ 288,388</u>	<u>\$ 10,255</u>	<u>\$ 21,567</u>	<u>\$ 7,515</u>

(Continued)

Town of Chester, Connecticut

Other Governmental Funds  
Combining Balance Sheet  
June 30, 2022

Special Revenue Funds

	Town Grants Fund	Sewer System Fund	Cafeteria Fund	Education Grants Fund	School Activity Fund	Total Other Governmental Funds
<u>Assets</u>						
Cash	\$ -	\$ -	\$ 118,982	\$ -	\$ 13,880	\$ 202,721
Investments	541,168	107,505	-	-	-	878,485
Receivables:						
Accounts	-	750	3,192	347	-	4,289
Intergovernmental	-	-	23,925	43,985	-	67,910
Loans	-	-	-	-	-	90,715
Other	-	-	4,424	-	-	4,424
<b>Total assets</b>	<b><u>\$ 541,168</u></b>	<b><u>\$ 108,255</u></b>	<b><u>\$ 150,523</u></b>	<b><u>\$ 44,332</u></b>	<b><u>\$ 13,880</u></b>	<b><u>\$ 1,248,544</u></b>
<u>Liabilities</u>						
Accounts payable	\$ 6,223	\$ 6,353	\$ -	\$ 347	\$ -	\$ 17,378
Due to other funds	-	-	5,082	43,985	-	49,067
<b>Total liabilities</b>	<b><u>6,223</u></b>	<b><u>6,353</u></b>	<b><u>5,082</u></b>	<b><u>44,332</u></b>	<b><u>-</u></b>	<b><u>66,445</u></b>
<u>Fund Balances</u>						
Restricted	534,945	101,902	145,441	-	-	1,085,959
Committed	-	-	-	-	13,880	96,140
<b>Total fund balances</b>	<b><u>534,945</u></b>	<b><u>101,902</u></b>	<b><u>145,441</u></b>	<b><u>-</u></b>	<b><u>13,880</u></b>	<b><u>1,182,099</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 541,168</u></b>	<b><u>\$ 108,255</u></b>	<b><u>\$ 150,523</u></b>	<b><u>\$ 44,332</u></b>	<b><u>\$ 13,880</u></b>	<b><u>\$ 1,248,544</u></b>

(Concluded)

Town of Chester, Connecticut

Other Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

	Special Revenue Funds					
	Emergency Fuel/Community Fund	Parks and Recreation Fund	Small Cities Fund	Historic Records Preservation Fund	Library Fund	Harbor Fund
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 15,442	\$ -	\$ -	\$ -
Charges for services	-	38,408	2,000	43,777	-	3,600
Income from investments	17	2	258	-	20	-
Contributions	15,775	-	-	-	9,000	-
Total revenues	15,792	38,410	17,700	43,777	9,020	3,600
Expenditures:						
Current:						
General government	-	9,331	-	41,687	14,282	98
Public works	-	-	-	-	-	-
Health and welfare	44,359	-	8,356	-	-	-
Education	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	44,359	9,331	8,356	41,687	14,282	98
Net change in fund balances	(28,567)	29,079	9,344	2,090	(5,262)	3,502
Fund balances - July 1, 2021	35,220	24,099	277,419	8,165	26,829	4,013
Fund balances - June 30, 2022	\$ 6,653	\$ 53,178	\$ 286,763	\$ 10,255	\$ 21,567	\$ 7,515

(Continued)

Town of Chester, Connecticut

Other Governmental Funds  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2022

Special Revenue Funds

	Town Grants Fund	Sewer System Fund	Cafeteria Fund	Education Grants Fund	School Activity Fund	Total Other Governmental Funds
Revenues:						
Intergovernmental	\$ 7,500	\$ -	\$158,556	\$ 140,753	\$ -	\$ 322,251
Charges for services	4,563	123,603	1,302	-	12,689	229,942
Income from investments	1,099	119	-	-	-	1,515
Contributions	162,285	-	-	-	-	187,060
<b>Total revenues</b>	<b>175,447</b>	<b>123,722</b>	<b>159,858</b>	<b>140,753</b>	<b>12,689</b>	<b>740,768</b>
Expenditures:						
Current:						
General government	43,933	-	-	-	-	109,331
Public works	175,184	81,310	-	-	-	256,494
Health and welfare	3,568	-	-	-	-	56,283
Education	-	-	64,289	140,753	12,694	217,736
Capital outlay	68,274	5,710	-	-	-	73,984
<b>Total expenditures</b>	<b>290,959</b>	<b>87,020</b>	<b>64,289</b>	<b>140,753</b>	<b>12,694</b>	<b>713,828</b>
Net change in fund balances	(115,512)	36,702	95,569	-	(5)	26,940
Fund balances - July 1, 2021	650,457	65,200	49,872	-	13,885	1,155,159
Fund balances - June 30, 2022	<u>\$ 534,945</u>	<u>\$ 101,902</u>	<u>\$145,441</u>	<u>\$ -</u>	<u>\$ 13,880</u>	<u>\$ 1,182,099</u>

(Concluded)

# Trend Information

This part of the Town's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

<b>Table</b>	<b>Description</b>
Financial Trends (Tables 1-2)	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time
Debt Capacity (Table 3)	This schedule presents information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the fiscal year.

**Town of Chester, Connecticut**  
**General Fund**  
**Revenues, Expenditures and Changes in Fund Balances**  
**(Budgetary Basis)**  
**Last Ten Years**  
**(Unaudited)**

For the Year Ended June 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Property taxes	\$ 13,383,546	\$ 12,920,921	\$ 12,798,694	\$ 12,178,823	\$ 11,678,130	\$ 11,326,918	\$ 11,109,486	\$ 10,848,239	\$ 11,037,684	\$ 11,408,340
Intergovernmental	1,227,760	1,175,006	1,084,792	1,004,835	937,680	1,083,537	1,097,953	1,060,245	1,072,036	1,154,274
Charges for services	653,215	647,090	571,907	519,350	481,930	83,102	60,788	85,060	91,562	56,815
Income from investments	9,257	7,931	74,511	66,697	29,339	-	-	-	-	-
Other	291,939	126,568	38,643	39,470	62,736	449,922	469,114	267,951	310,802	270,900
<b>Total revenues</b>	<b>15,565,717</b>	<b>14,877,516</b>	<b>14,568,547</b>	<b>13,809,175</b>	<b>13,189,815</b>	<b>12,943,479</b>	<b>12,737,341</b>	<b>12,261,495</b>	<b>12,512,084</b>	<b>12,890,329</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,009,395	975,758	967,132	960,713	1,001,794	941,612	893,681	848,345	822,056	807,265
Public works	984,919	859,757	772,675	960,161	873,899	768,066	700,696	1,007,753	830,574	755,821
Public safety	966,820	939,895	988,565	908,077	856,717	862,731	795,006	713,641	707,697	696,383
Health and welfare	158,570	151,549	148,912	145,270	133,388	131,358	143,081	139,001	134,401	133,412
Benefits and insurance	772,838	783,346	751,140	725,406	692,065	708,066	780,467	756,007	734,679	653,976
Education	10,173,088	9,969,991	9,562,214	8,938,237	8,743,563	8,679,694	8,554,628	8,468,659	8,394,612	8,870,300
Debt service	82,008	85,983	83,387	83,389	222,483	221,994	227,794	233,594	239,394	244,940
<b>Total expenditures</b>	<b>14,147,638</b>	<b>13,766,279</b>	<b>13,274,025</b>	<b>12,721,253</b>	<b>12,523,909</b>	<b>12,313,521</b>	<b>12,095,353</b>	<b>12,167,000</b>	<b>11,863,413</b>	<b>12,162,097</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,418,079</b>	<b>1,111,237</b>	<b>1,294,522</b>	<b>1,087,922</b>	<b>665,906</b>	<b>629,958</b>	<b>641,988</b>	<b>94,495</b>	<b>648,671</b>	<b>728,232</b>
<b>Other financing sources (uses):</b>										
Transfers in	-	-	38,267	32,125	31,551	29,647	65,275	195,390	173,235	170,567
Transfers out	(1,085,500)	(678,000)	(929,393)	(694,786)	(515,700)	(498,096)	(542,500)	(342,870)	(723,620)	(513,961)
<b>Net other financing sources (uses)</b>	<b>(1,085,500)</b>	<b>(678,000)</b>	<b>(891,126)</b>	<b>(662,661)</b>	<b>(484,149)</b>	<b>(468,449)</b>	<b>(477,225)</b>	<b>(147,480)</b>	<b>(550,385)</b>	<b>(343,394)</b>
<b>Net change in fund balance</b>	<b>\$ 332,579</b>	<b>\$ 433,237</b>	<b>\$ 403,396</b>	<b>\$ 425,261</b>	<b>\$ 181,757</b>	<b>\$ 161,509</b>	<b>\$ 164,763</b>	<b>\$ (52,985)</b>	<b>\$ 98,286</b>	<b>\$ 384,838</b>
<b>Debt service as a percentage of expenditures</b>	<b>0.58%</b>	<b>0.62%</b>	<b>0.63%</b>	<b>0.66%</b>	<b>1.78%</b>	<b>1.80%</b>	<b>1.88%</b>	<b>1.92%</b>	<b>2.02%</b>	<b>2.01%</b>

Source: Current and prior year financial statements.

**Town of Chester, Connecticut**  
**Property Tax Rates, Levies and Collections**  
**Last Ten Years**  
**(Unaudited)**

Year Ended June 30	(1) Mill Rate	Grand List of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			Current Delinquent Balance
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	
2022	29.50	2020	\$ 13,320,711	\$ 13,246,553	99.4%	\$ -	\$ 13,246,553	99.4%	\$ 74,158
2021	28.62	2019	12,784,354	12,718,852	99.5%	47,669	12,766,521	99.9%	17,833
2020	28.79	2018	12,750,235	12,637,399	99.1%	87,629	12,725,028	99.8%	25,207
2019	27.11	2017	12,099,190	11,990,160	99.1%	103,506	12,093,666	100.0%	5,524
2018	26.36	2016	11,662,786	11,538,351	98.9%	121,427	11,659,778	100.0%	3,008
2017	26.29	2015	11,248,049	11,151,365	98.3%	96,683	11,248,048	100.0%	-
2016	26.07	2014	11,093,191	10,952,639	98.1%	140,551	11,093,190	100.0%	-
2015	25.69	2013	10,816,762	10,800,076	98.3%	16,686	10,816,762	100.0%	-
2014	23.40	2012	11,049,224	10,900,177	97.9%	149,047	11,049,224	100.0%	-
2013	23.00	2011	11,286,214	11,177,921	98.1%	108,293	11,286,214	100.0%	-

Source: Current and prior year financial statements.

Notes:

(1) Tax levy is per \$1,000 of the assessed value of taxable property. There are no overlapping tax rates.

**Town of Chester, Connecticut**  
**Schedule of Debt Limitation**  
**Connecticut General Statutes, Section 7-374 (b)**  
**For the Year Ended June 30, 2022**  
**(Unaudited)**

## Tax Base:

Total tax collections (including interest and lien fees) for prior year \$ 12,906,639

Debt limitation:	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 29,039,938	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	58,079,876	-	-	-
3 3/4 times base	-	-	48,399,896	-	-
3 1/4 times base	-	-	-	41,946,577	-
3 times base	-	-	-	-	38,719,917
<b>Total debt limitation</b>	<b>29,039,938</b>	<b>58,079,876</b>	<b>48,399,896</b>	<b>41,946,577</b>	<b>38,719,917</b>

## Indebtedness:

Overlapping debt of Regional School District No. 4	<u>-</u>	<u>348,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
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Debt limitation in excess of outstanding debt	<u>\$ 29,039,938</u>	<u>\$ 57,731,763</u>	<u>\$ 48,399,896</u>	<u>\$ 41,946,577</u>	<u>\$ 38,719,917</u>
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The total net indebtedness above amounts to: \$ 348,113

In no event shall total indebtedness exceed seven times the base for debt limitation computation: \$ 90,346,473

Source: Current and prior year financial statements.