

Annual Financial Report
of the
Town of Chester, Connecticut
For the Year Ended June 30, 2020

Town of Chester, Connecticut
Annual Financial Report
For the Year Ended June 30, 2020

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Introductory Section

Town of Chester, Connecticut

Principal Officials

June 30, 2020

Board of Selectmen

Lauren S. Gister, First Selectman
Charlene Janecek, Selectman
Tommy Englert, Selectman

Board of Finance

Virginia Carmany, Chairman
Andrew Gardner
Jon Joslow
Gregory Merola
Richard Nygard
Jennifer Rannestad
Michal Joplin
John O'Hare
Richard Strauss

Town Departments

Animal Control, Caitlyn Sikora
Assessor, Loreta Zdanys
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, Debra Germini Calamari
Treasurer, Elizabeth Netsch

Auditor

PKF O'Connor Davies, LLP

Financial Section



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Chester, Connecticut ("Town") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information and the pension and other post-employment benefit schedules as listed in the table of contents, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental schedules and trend information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory and trend information sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 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
December 21, 2020



Management's Discussion and Analysis For the Year Ended June 30, 2020

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, 2020.

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	\$ 1,456,059
Total net position	17,812,661
Unrestricted net position	4,193,199

- The increase is due to the following:

➤ positive operations of the General Fund of	403,396
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The positive operations were offset by:

➤ deficit operations of the Capital Reserve Fund of	(38,041)
➤ deficit operations of the Parks and Recreation Fund of	(41,302)
➤ deficit operations of the Library Fund of	(25,840)

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	1,107,266
➤ net principal debt activity of	41,957
➤ change in pension liability	(37,264)
➤ change in OPEB liability	(17,070)
➤ amortization of deferred outflows of resources of	51,984
➤ amortization of deferred inflows of resources of	(6,662)

- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,180,427, an increase of \$329,886 in comparison with the prior year. This increase is a result of the positive operations in the General Fund of \$403,396 due to property taxes collected in excess of budget of \$283,292, charges for services in excess of budget of \$86,157, offset by the use of fund balance of \$250,000 and spending savings of \$226,302.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,036,025, an increase of \$378,396 in comparison with the prior year. This unassigned fund balance represents 21.38% of total budgetary General Fund expenditures and transfers out.

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 statements 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 statements 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 \$4,193,199. This is an increase of \$277,632 from the prior year.

**Summary Statement of Net Position
June 30**

	2020	2019
Current and other assets	\$ 8,521,383	\$ 5,949,267
Capital assets (net)	13,773,921	12,698,709
Total assets	22,295,304	18,647,976
Deferred outflows of resources	155,371	103,387
Other liabilities outstanding	2,625,087	490,243
Long-term liabilities outstanding	1,488,259	1,479,880
Total liabilities	4,113,346	1,970,123
Deferred inflows of resources	524,668	424,638
Net position:		
Net investment in capital assets	13,178,636	12,075,540
Restricted	440,826	365,495
Unrestricted	4,193,199	3,915,567
Total net position	\$ 17,812,661	\$ 16,356,602

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, \$440,826, 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 \$1,456,059.

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

	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 783,472	\$ 762,972
Operating grants and contributions	1,371,875	1,312,614
Capital grants and contributions	1,156,174	282,472
General revenues:		
Property taxes	12,826,608	12,192,709
Grants and contributions not restricted to specific programs	110,911	116,379
Income from investments	82,475	67,293
Other	38,643	45,724
Total revenues	16,370,158	14,780,163
Expenses:		
General government	1,698,852	1,684,526
Public works	1,546,141	1,361,605
Public safety	1,086,418	997,114
Health and welfare	270,455	263,861
Education	10,298,972	9,643,509
Interest	13,261	11,400
Total expenses	14,914,099	13,962,015
Change in net position	1,456,059	818,148
Net position - July 1	16,356,602	15,538,454
Net position - June 30	\$ 17,812,661	\$ 16,356,602

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

- Property taxes revenue increased by \$633,899 due to an increase in the tax levy to support the adopted budget.
- Capital grants and contributions increased by \$873,702 primarily due to the LOTCIP grant for the Main Street project of \$692,345 and a FEMA grant for a storm from September 2019 of \$243,549.
- Public works expenses increased by \$184,536 due to various road work of approximately \$200,000.
- Education expenses increased by \$655,463 primarily due to an increase in the Regional School District No. 4 budget of \$387,662 and an increase in the Chester Elementary School budget of \$236,315.

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	\$ 440,826
Committed	1,457,014
Assigned	246,562
Unassigned	3,036,025

The total fund balance increased by \$329,886 to \$5,180,427. This increase is a result of the positive operations in the General Fund of \$403,396 due to the following:

- Property taxes collected in excess of budget of \$283,292 due to a conservative budget collection rate
- Charges for services in excess of budget of \$86,157, as a result of an increase in police private duty of \$100,615 due to increased construction activity
- Spending savings of \$76,948 for general government, including:
 - a decrease in tax assessor of \$14,533 due to reduction in services provided as result of COVID-19
 - a decrease in planning and zoning of \$15,323 due to a decrease in the need for legal opinions
 - a decrease in library of \$24,523 due to closures required by COVID-19
- Spending savings of \$107,454 for education due to cost savings due to school closures related to COVID-19

General Fund. The General Fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,036,025. 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 21.38% 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 \$212,000 of budget transfers and additional appropriations, the Town appropriated \$872,500 for the fiscal year. The Capital Reserve Fund had capital outlay expenditures of \$1,212,271, which were for road, sidewalk, and bridge construction, highway equipment, building repairs, and capital equipment projects. The Capital Reserve Fund fund balance totaled \$1,455,413 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 \$692,345. The Main Street Project Fund fund balance totaled \$1,601 at year end.

General Fund budgetary highlights

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

- Transfers out to the capital reserve fund budget was increased by \$212,000, which included \$50,000 from additional appropriations and transfers from other departments as detailed below:
 - Board of Finance (contingency) \$ 52,000
 - Highway 60,000
 - Police 25,000
 - Employee benefits 25,000

- Additional details on budget transfers can be found in RSI-1B.

Capital assets and debt administration

Capital assets. The Town's investment in capital assets amounts to \$13,773,921 (net of accumulated depreciation). 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 \$1,075,212 (8.47%). This increase is primarily due to the net effect of capital asset additions in excess of depreciation. 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)
June 30**

	2020	2019
Land	\$ 1,021,016	\$ 1,021,016
Collections	118,950	118,950
Construction in progress	964,679	132,768
Buildings and systems	4,641,820	4,698,957
Land improvements	40,180	41,285
Machinery and equipment	1,670,074	1,599,066
Infrastructure	5,317,202	5,086,667
Total	\$ 13,773,921	\$ 12,698,709

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

Management's Discussion and Analysis (continued)

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

- Construction in progress:
 - Main Street Phase III \$ 820,679
- Buildings and systems:
 - Meeting House Floor 71,454
- Machinery and equipment:
 - Public safety vehicles 135,534
- Infrastructure:
 - South Wig Hill Road reconstruction and paving 300,167

Long-term debt. At the end of the current fiscal year, the Town had total notes outstanding of \$618,538. This entire amount comprises debt backed by the full faith and credit of the Town.

**Outstanding Debt
Long-Term Obligations
June 30**

	<u>2020</u>	<u>2019</u>
Clean water note	\$ 571,547	\$ 623,169
Street light note	23,253	37,326
Equipment financing note	<u>23,738</u>	<u>-</u>
Total	<u>\$ 618,538</u>	<u>\$ 660,495</u>

The Town's total debt decreased by \$41,957 (6.36%) during the current fiscal year. The decrease is due to scheduled debt service payments offset by issuance of an equipment financing note of \$28,169.

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 \$85,167,957, 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 IIIF.

Economic factors and next year's budgets and rates

- The unemployment rate for the Town at year-end was 8.1% as compared to 3.3% in the prior year. This compares favorably to the state's unemployment rate of 10.1% and the national rate of 11.1%.
- Inflationary trends in the region compare favorably to national indices.

Management's Discussion and Analysis (continued)

- The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. Any impact on the property tax revenues is expected to occur with the January 2021 semi-annual payment, if at all. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the payment deferral program. For the collection period ended July 31, 2020, collections were in line with the prior year.

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

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.

**Basic
Financial
Statements**

Town of Chester, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Assets

Current assets	
Cash	\$ 967,554
Investments	6,872,721
Receivables (net)	
Property taxes	99,293
Accounts	74,308
Intergovernmental	40,557
Loans	18,000
Sewer assessments and user fees	35,193
Other	3,606
	<hr/>
Total current assets	8,111,232
	<hr/>
Noncurrent assets	
Property held for sale	162,791
	<hr/>
Restricted assets	
Temporarily restricted	
Cash	5,750
	<hr/>
Receivables (net)	
Property taxes	89,495
Loans	72,715
Sewer assessments and user fees	79,400
	<hr/>
Total receivables (net)	241,610
	<hr/>
Capital assets (net of accumulated depreciation)	
Land	1,021,016
Collections	118,950
Construction in progress	964,679
Buildings and systems	4,641,820
Land improvements	40,180
Machinery and equipment	1,670,074
Infrastructure	5,317,202
	<hr/>
Total capital assets (net of accumulated depreciation)	13,773,921
	<hr/>
Total noncurrent assets	14,184,072
	<hr/>
Total assets	22,295,304
	<hr/>
	<u>Deferred Outflows of Resources</u>
Deferred outflows related to pension	155,371
	<hr/>

(Continued)

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

Town of Chester, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Liabilities

Liabilities

Current liabilities

Accounts payable	\$ 1,035,796
Retainage payable	32,040
Accrued payroll and related	176,264
Unearned revenue	1,273,975
Notes payable	76,567
Compensated absences	18,945
Post closure landfill liability	11,500
	<hr/>
Total current liabilities	2,625,087

Noncurrent liabilities

Performance bonds	5,750
Notes payable	541,971
Compensated absences	75,781
Post closure landfill liability	34,500
Net pension liability	666,938
OPEB liability	163,319
	<hr/>
Total noncurrent liabilities	1,488,259

Total liabilities	<hr/> <hr/> 4,113,346
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Deferred Inflows of Resources

Advance property tax collections	350,959
Deferred inflows related to pension	173,709
	<hr/>
Total deferred inflows of resources	524,668

Net Position

Net investment in capital assets	13,178,636
Restricted for	
General government	
Housing rehabilitation	280,129
Historic records preservation	5,973
Library	45,959
Town grants	7,933
Public works	37,729
Health and welfare	28,901
Education	34,202
Unrestricted	4,193,199
	<hr/>
Total net position	\$ 17,812,661

(Concluded)

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

Town of Chester, Connecticut

Statement of Activities
 Governmental Activities
 For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,698,852	\$ 305,303	\$ 18,706	\$ -	\$ (1,374,843)
Public works	1,546,141	153,059	-	1,156,174	(236,908)
Public safety	1,086,418	298,966	21,585	-	(765,867)
Health and welfare	270,455	1,335	20,948	-	(248,172)
Education	10,298,972	24,809	1,310,636	-	(8,963,527)
Interest	13,261	-	-	-	(13,261)
Total	\$ 14,914,099	\$ 783,472	\$ 1,371,875	\$ 1,156,174	(11,602,578)
General revenues					
Property taxes					12,826,608
Grants and contributions not restricted to specific programs					110,911
Income from investments					82,475
Other					38,643
Total general revenues					13,058,637
Change in net position					1,456,059
Net position - July 1, 2019					16,356,602
Net position - June 30, 2020					\$ 17,812,661

Town of Chester, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Capital Reserve Fund	Main Street Project Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 946,290	\$ -	\$ -	\$ 21,264	\$ 967,554
Restricted cash	5,750	-	-	-	5,750
Investments	2,853,581	1,703,854	1,967,921	347,365	6,872,721
Receivables (net)					
Property taxes	188,788	-	-	-	188,788
Accounts	55,842	-	-	18,466	74,308
Intergovernmental	32,762	-	-	7,795	40,557
Loans	-	-	-	90,715	90,715
Sewer assessments and user fees	99,400	-	-	15,193	114,593
Due from other funds	-	35,130	-	-	35,130
Other	-	-	-	3,606	3,606
Total assets	<u>\$ 4,182,413</u>	<u>\$ 1,738,984</u>	<u>\$ 1,967,921</u>	<u>\$ 504,404</u>	<u>\$ 8,393,722</u>
<u>Liabilities</u>					
Accounts payable	\$ 100,227	\$ 282,951	\$ 625,795	\$ 26,823	\$ 1,035,796
Retainage payable	-	620	31,420	-	32,040
Accrued payroll and related	176,264	-	-	-	176,264
Due to other funds	-	-	35,130	-	35,130
Performance bonds	5,750	-	-	-	5,750
Unearned revenue	-	-	1,273,975	-	1,273,975
Total liabilities	<u>282,241</u>	<u>283,571</u>	<u>1,966,320</u>	<u>26,823</u>	<u>2,558,955</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues					
Property taxes	188,788	-	-	-	188,788
Advance property tax collections	350,959	-	-	-	350,959
Sewer assessments and user fees	99,400	-	-	15,193	114,593
Total deferred inflows of resources	<u>639,147</u>	<u>-</u>	<u>-</u>	<u>15,193</u>	<u>654,340</u>
<u>Fund Balances</u>					
Restricted	-	-	-	440,826	440,826
Committed	-	1,455,413	1,601	-	1,457,014
Assigned	225,000	-	-	21,562	246,562
Unassigned	3,036,025	-	-	-	3,036,025
Total fund balances	<u>3,261,025</u>	<u>1,455,413</u>	<u>1,601</u>	<u>462,388</u>	<u>5,180,427</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,182,413</u>	<u>\$ 1,738,984</u>	<u>\$ 1,967,921</u>	<u>\$ 504,404</u>	<u>\$ 8,393,722</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, 2020

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)	\$ 5,180,427
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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	12,698,709
Current year additions (net of construction in progress)	1,411,636
Depreciation expense	(304,370)
Disposal of assets	(32,054)

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	155,371

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	188,788
Sewer assessments and user fees - accrual basis change	114,593

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	(618,538)
Compensated absences	(94,726)
Post-closure landfill liability	(46,000)
Net pension liability	(666,938)
OPEB liability	(163,319)
Deferred inflows related to pension	(173,709)

Net position (Exhibit A)	<u>\$ 17,812,661</u>
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(Concluded)

Town of Chester, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

	General Fund	Capital Reserve Fund	Main Street Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$12,798,694	\$ -	\$ -	\$ -	\$ 12,798,694
Intergovernmental	1,574,217	243,549	692,345	94,796	2,604,907
Charges for services	571,907	24,500	-	198,595	795,002
Income from investments	74,511	5,512	1,601	851	82,475
Contributions	-	-	-	34,053	34,053
Other	38,643	-	-	-	38,643
Total revenues	15,057,972	273,561	693,946	328,295	16,353,774
Expenditures					
Current:					
General government	967,132	-	-	100,848	1,067,980
Public works	772,675	-	-	97,327	870,002
Public safety	988,565	-	-	-	988,565
Health and welfare	148,912	-	-	17,590	166,502
Benefits and insurance	751,140	-	-	-	751,140
Education	10,051,639	-	-	168,226	10,219,865
Debt service	83,387	-	-	-	83,387
Capital outlay	-	1,212,271	692,345	-	1,904,616
Total expenditures	13,763,450	1,212,271	692,345	383,991	16,052,057
Excess (deficiency) of revenues over expenditures	1,294,522	(938,710)	1,601	(55,696)	301,717
Other financing sources (uses)					
Issuance of debt	-	28,169	-	-	28,169
Transfers in	38,267	872,500	-	56,893	967,660
Transfers out	(929,393)	-	-	(38,267)	(967,660)
Net other financing sources (uses)	(891,126)	900,669	-	18,626	28,169
Net change in fund balances	403,396	(38,041)	1,601	(37,070)	329,886
Fund balances - July 1, 2019	2,857,629	1,493,454	-	499,458	4,850,541
Fund balances - June 30, 2020	<u>\$ 3,261,025</u>	<u>\$ 1,455,413</u>	<u>\$ 1,601</u>	<u>\$ 462,388</u>	<u>\$ 5,180,427</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 Statement of Activities
For the Year Ended June 30, 2020**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 329,886

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 expense.

Capital outlay	1,411,636
Depreciation expense	<u>(304,370)</u>

Total	<u>1,107,266</u>
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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.

Loss on disposal of assets	<u>(32,054)</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>16,384</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:

Debt issued or incurred:	
Issuance of notes	(28,169)
Principal repayments:	
Notes	<u>70,126</u>

Total	<u>41,957</u>
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(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 Statement of Activities
For the Year Ended June 30, 2020**

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	\$ (9,868)
Post closure landfill liability	11,500
Net pension liability	(37,264)
OPEB liability	(17,070)
Amortization of deferred outflows related to pension	51,984
Amortization of deferred inflows related to pension	<u>(6,662)</u>
Total	<u>(7,380)</u>
Change in net position (Exhibit B)	<u>\$ 1,456,059</u>

(Concluded)

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

Town of Chester, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Custodial Funds</u>
Cash	\$ -	\$ 15,107
Investments		
Mutual funds		
Equity	2,027,651	-
Money market	210,539	-
Bonds	558,109	-
Total investments	<u>2,796,299</u>	<u>-</u>
Total assets	<u>2,796,299</u>	<u>15,107</u>
<u>Net Position</u>		
Restricted for		
Pensions	2,796,299	-
Individuals and organizations	<u>-</u>	<u>15,107</u>
Total net position	<u><u>\$ 2,796,299</u></u>	<u><u>\$ 15,107</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, 2020

	Pension Trust Funds	Custodial Funds
	<u> </u>	<u> </u>
Additions		
Contributions		
Employer	\$ 165,832	\$ -
Plan members	8,466	-
	<u> </u>	<u> </u>
Total contributions	174,298	-
	<u> </u>	<u> </u>
Activity fees	-	15,140
	<u> </u>	<u> </u>
Investment income (loss)		
Change in fair value of investments	139,960	-
Interest and dividends	20,703	-
	<u> </u>	<u> </u>
Total investment income (loss)	160,663	-
	<u> </u>	<u> </u>
Total additions	334,961	15,140
	<u> </u>	<u> </u>
Deductions		
Benefits	93,713	-
Administration	2,320	-
Activities and events	-	10,965
	<u> </u>	<u> </u>
Total deductions	96,033	10,965
	<u> </u>	<u> </u>
Change in net position	238,928	4,175
Net position - July 1, 2019	2,557,371	10,932
	<u> </u>	<u> </u>
Net position - June 30, 2020	<u>\$ 2,796,299</u>	<u>\$ 15,107</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, 2020**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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

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, 2020**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 are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the primary operating fund and is used to account for and report all financial resources not accounted for and reported in another fund.

The *Capital Reserve Fund* is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The *Main Street Project Fund* is used to account for and report financial resources for the LOTCIP grant for road reconstruction.

Additionally, the Town reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.

The *Pension Trust Funds* account 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.

The *Custodial Funds* account for monies held on behalf of students.

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, 2020

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, 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 Treasurers 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	10.00%	N/A
Fixed income/bonds	45.00%	40.00%
Equities/stocks	45.00%	60.00%

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**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. Funds may also be invested in the high yield sector (bonds below investment grade) provided the investment is made in mutual funds and does not comprise more than 5% of the equity portion of the portfolio. 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; and

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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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.

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 13% to 36% percent of outstanding receivable balances and are calculated based upon prior collection history.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1, and supplemental motor vehicle taxes are due in full January 1. 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 in the Town. 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.

3. Restricted assets

The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of the contract or the Town calls the bond for nonperformance. The trust agreement restricts the expenditure of the investment income only for the designated purpose.

4. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 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 as they are considered inexhaustible works of art.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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

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.

Land and collections are considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town are depreciated 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

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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide 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.

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), sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****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.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations 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. 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 only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes is 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 restricted.

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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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.

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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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

9. 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

10. 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.

B. Capital projects authorizations

The following is a summary of certain capital projects:

Project Name	Project Authorization	Expenditures	Balance
Capital reserve	\$ 2,355,954	\$ 1,184,102	\$ 1,171,852
Main Street project	1,966,320	692,345	1,273,975
Total	\$ 4,322,274	\$ 1,876,447	\$ 2,445,827

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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

At year end, the Town's bank balance was \$8,011,568 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,737,535
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,023,032</u>
Total amount subject to custodial credit risk	<u>\$ 6,760,568</u>

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 One year	1-5 Years	5-10 Years
Mutual funds					
Equity	\$ 2,027,651	\$ 2,027,651	\$ -	\$ -	\$ -
Money market	210,539	-	210,539	-	-
Bond	558,109	-	77,574	183,071	297,464
Bank money market	5,059,652	-	5,059,652	-	-
Certificates of deposit	1,703,854	-	1,703,854	-	-
Pooled fixed income	109,215	-	109,215	-	-
Total	<u>\$ 9,669,020</u>	<u>\$ 2,027,651</u>	<u>\$ 7,160,834</u>	<u>\$ 183,071</u>	<u>\$ 297,464</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)

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

<u>Investments by Fair Value Level</u>	<u>Amount</u>	<u>Quoted Market Prices in Active Markets Level 1</u>
Mutual funds:		
Equity	\$ 2,027,651	\$ 2,027,651
Money market	210,539	210,539
Bond	<u>558,109</u>	<u>558,109</u>
Total investments by fair value level	<u>2,796,299</u>	<u>\$ 2,796,299</u>
<u>Other investments</u>		
Bank money market	5,059,652	
Certificates of deposit	1,703,854	
Pooled fixed income	<u>109,215</u>	
Total other investments	<u>6,872,721</u>	
Total investments	<u>\$9,669,020</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>Average Rating</u>	<u>Money Market Mutual Funds</u>	<u>Bond Mutual Funds</u>	<u>Pooled Fixed Income</u>
AAA	\$ -	\$ 254,577	\$ 109,215
AA	-	41,303	-
A	-	93,792	-
BBB	-	120,311	-
BB	-	26,795	-
B	-	10,711	-
Unrated	<u>210,539</u>	<u>10,620</u>	<u>-</u>
Total	<u>\$ 210,539</u>	<u>\$ 558,109</u>	<u>\$ 109,215</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, 2020

B. Receivables

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		
	<u>Taxes</u>	<u>Interest and Lien Fees</u>	<u>Total</u>
Current portion	<u>\$ 93,820</u>	<u>\$ 5,473</u>	<u>\$ 99,293</u>
Long-term portion	93,819	35,676	129,495
Less allowance for uncollectible	<u>(25,000)</u>	<u>(15,000)</u>	<u>(40,000)</u>
Net long-term portion	<u>\$ 68,819</u>	<u>\$ 20,676</u>	<u>\$ 89,495</u>

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:			
Capital Reserve Fund	Main Street Project Fund	\$ 35,130	\$ -
Main Street Project Fund	Capital Reserve Fund	<u>-</u>	<u>35,130</u>
Grand Total		<u>\$ 35,130</u>	<u>\$ 35,130</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts (continued)

2. Interfund transfers

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

	Corresponding Fund	Transfers In	Transfers Out
Major Funds:			
General Fund:			
Capital Reserve Fund	N/A	\$ -	\$ 872,500
Cafeteria Fund	N/A	-	56,893
Parks and Recreation Fund	N/A	33,555	-
Town Grants Fund	N/A	4,712	-
Total General Fund		<u>38,267</u>	<u>929,393</u>
Capital Reserve Fund:			
General Fund	N/A	<u>872,500</u>	<u>-</u>
Other Governmental Funds:			
Cafeteria Fund	General Fund	56,893	-
Parks and Recreation Fund	General Fund	-	33,555
Town Grants Fund	General Fund	-	4,712
Total Other Governmental Funds		<u>56,893</u>	<u>38,267</u>
Grand Total		<u>\$ 967,660</u>	<u>\$ 967,660</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital reserve fund, cafeteria fund and various programs and activities in other funds.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**D. Capital assets**

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

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 1,021,016	\$ -	\$ -	\$ 1,021,016
Collections	118,950	-	-	118,950
Construction in progress	132,768	854,289	22,378	964,679
Total capital assets, not being depreciated	<u>1,272,734</u>	<u>854,289</u>	<u>22,378</u>	<u>2,104,645</u>
Capital assets, being depreciated:				
Buildings and systems	7,793,416	71,454	107,614	7,757,256
Land improvements	65,000	-	-	65,000
Machinery and equipment	2,808,560	208,104	169,810	2,846,854
Infrastructure	5,836,848	300,167	-	6,137,015
Total capital assets, being depreciated	<u>16,503,824</u>	<u>579,725</u>	<u>277,424</u>	<u>16,806,125</u>
Total capital assets	<u>17,776,558</u>	<u>1,434,014</u>	<u>299,802</u>	<u>18,910,770</u>
Less accumulated depreciation for:				
Buildings and systems	3,094,459	121,985	101,008	3,115,436
Land improvements	23,715	1,105	-	24,820
Machinery and equipment	1,209,494	111,648	144,362	1,176,780
Infrastructure	750,181	69,632	-	819,813
Total accumulated depreciation	<u>5,077,849</u>	<u>304,370</u>	<u>245,370</u>	<u>5,136,849</u>
Total capital assets, being depreciated, net	<u>11,425,975</u>	<u>275,355</u>	<u>32,054</u>	<u>11,669,276</u>
Capital assets, net	<u>\$ 12,698,709</u>	<u>\$ 1,129,644</u>	<u>\$ 54,432</u>	<u>\$ 13,773,921</u>

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

General government	\$ 54,683
Public works	85,837
Public safety	70,056
Health and welfare	28,465
Education	<u>65,329</u>
Total depreciation expense	<u>\$ 304,370</u>

E. Construction commitments

At year end, the Town's commitments with contractors totaled \$1,148,201 for the Main Street project.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

F. Changes in long-term obligations**1. Summary of changes**

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

Description	Original amount	Date of issue	Date of maturity	Interest rate	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Current portion	Long-term portion
Notes:										
Clean water note- 577C	\$1,125,000	8/14/08	7/31/29	2.00%	\$ 623,169	\$ -	\$ 51,622	\$ 571,547	\$ 57,483	\$ 514,064
Street lights note	56,331	12/15/17	1/15/22	3.30%	37,326	-	14,073	23,253	14,550	8,703
Equipment financing note	33,251	2/18/19	2/18/25	2.31%	-	28,169	4,431	23,738	4,534	19,204
Total notes					660,495	28,169	70,126	618,538	76,567	541,971
Compensated absences					84,858	32,788	22,920	94,726	18,945	75,781
Post closure landfill liability					57,500	-	11,500	46,000	11,500	34,500
Net pension liability					629,674	423,020	385,756	666,938	-	666,938
OPEB liability					146,249	26,507	9,437	163,319	-	163,319
Total long-term obligations					<u>\$1,578,776</u>	<u>\$510,484</u>	<u>\$499,739</u>	<u>\$1,589,521</u>	<u>\$107,012</u>	<u>\$1,482,509</u>

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

2. The following is a summary of principal and interest amounts of note maturities

Year Ending June 30,	Total Principal	Total Interest
2021	\$ 76,567	\$ 11,902
2022	71,984	10,188
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>\$ 618,538</u>	<u>\$ 55,821</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**F. Changes in long-term obligations (continued)****3. Assets pledged as collateral**

The Town's outstanding equipment financing notes of \$46,991 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:

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 27,375,415	\$ -	\$ 27,375,415
Schools	54,750,830	1,010,970	53,739,860
Sewers	45,625,691	-	45,625,691
Urban renewal	39,542,266	-	39,542,266
Pension deficit	36,500,553	-	36,500,553

The total overall statutory debt limit for the Town is equal to seven times annual receipts from the prior year taxation, \$85,167,957.

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 \$4,230,000, of which Chester's pro rata share is 23.90% or \$1,010,970.

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 4 years at \$11,500 per year are \$46,000.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. 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>					
General government:					
Housing rehabilitation	\$ -	\$ -	\$ -	\$ 280,129	\$ 280,129
Historic records preservation	-	-	-	5,973	5,973
Library	-	-	-	45,959	45,959
Town grants	-	-	-	7,933	7,933
Public works:					
Sewer system	-	-	-	37,729	37,729
Health and welfare:					
Emergency fuel/community	-	-	-	28,901	28,901
Education:					
Cafeteria operations	-	-	-	34,202	34,202
Total restricted	-	-	-	440,826	440,826
<u>Committed:</u>					
Approved projects	-	1,455,413	1,601	-	1,457,014
<u>Assigned:</u>					
Subsequent year's budget	225,000	-	-	-	225,000
General government:					
Parks and recreation	-	-	-	19,134	19,134
Harbor	-	-	-	2,428	2,428
Total assigned	225,000	-	-	21,562	246,562
<u>Unassigned:</u>	3,036,025	-	-	-	3,036,025
Total	<u>\$3,261,025</u>	<u>\$1,455,413</u>	<u>\$ 1,601</u>	<u>\$ 462,388</u>	<u>\$5,180,427</u>

The amount of restricted net position, which was restricted by enabling legislation, totaled \$77,904.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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

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

C. Operating lease

The Town leases approximately 21% of the Town Hall to an unrelated tenant. The lease expires on November 30, 2022. The building is being carried at a cost of \$1,915,200 and had accumulated depreciation of \$387,083.

Aggregated future minimum rentals for the next 3 years are as follows:

2021	\$ 67,599
2022	67,599
2023	<u>28,166</u>
Total	<u>\$ 163,364</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**D. Contingencies***Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented the payment deferral program. The impact of this program on property tax and user fee revenues and delinquent interest collections was not significant during this period.

The state of emergency has had a negative impact on the Town's economically sensitive revenues such as park and recreation program fees, interest earnings and certain other charges for services for the last quarter of the fiscal year and the impact continues into the 2021 fiscal year. On the expenditure side, expenditures for health and safety measures, including additional personnel costs, technology and supplies are expected to increase and may exceed adopted budgets. There continues to be uncertainty related to the duration, possible reemergence and future severity of the pandemic, as well as to what actions may be taken by the Federal government, the State of Connecticut and health care authorities to contain or mitigate its effects. This includes the nature and extent of any financial support.

The Town is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the Town's future financial position at this time.

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 ("PERS") established and administered by the Town to provide pension benefits for its employees and volunteer firefighters. The PERS are considered to be a part of the Town's financial reporting entity and is 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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

b. Plan membership

As of the date of the latest actuarial valuation, January 1, 2020 for the Employee Retirement plan and July 1, 2019 for VSAP, membership consisted of:

	Plan Membership	
	Employee Retirement	Chester Hose Company VSAP
Retirees and beneficiaries receiving benefits	5	7
Terminated employees entitled to benefits	6	29
Active members	18	31
Total	<u>29</u>	<u>67</u>

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

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

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.

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 earnings 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 0.97%

Town average contribution rate of covered payroll was 15.32%

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 is required to contribute amounts necessary to fund benefits. 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% of the ADEC; or (b) 80% of the prior year's actual contribution up to 100% of the ADEC.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

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>Employee Retirement</u>	<u>Chester Hose Company VSAP</u>
Cash equivalents	10%	N/A
Fixed income	45%	40%
Equities	45%	60%

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).

b. Concentrations

There were no investments in any one organization that represents 5% 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:

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

Employee Retirement:

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	BAML 3-Mon Tbill	10.00%	0.88%
Core fixed income	Barclays Aggregate	45.00%	2.28%
Equity market	Russell 3000	45.00%	4.73%
Inflation rate			<u>2.50%</u>
Long-term expected nominal rate of return			<u>6.50%</u>

Chester Hose Company VSAP:

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core fixed income	Barclays Aggregate	40.00%	2.28%
Equity market	Russell 3000	60.00%	4.73%
Inflation rate			<u>2.50%</u>
Long-term expected nominal rate of return			<u>6.00%</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	7.03%	4.58%

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, 2020

A. Town pension plans (continued)

5. Net pension liability

The components of the net pension liability were as follows:

	<u>Employee Retirement</u>	<u>Chester Hose Company VSAP</u>
Total pension liability	\$ 2,591,502	\$ 817,284
Plan fiduciary net position	<u>(1,997,900)</u>	<u>(798,399)</u>
Net pension liability	<u>\$ 593,602</u>	<u>\$ 18,885</u>
Plan fiduciary net position as a percentage of total pension liability	<u>77.09%</u>	<u>97.69%</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:

	<u>Employee Retirement</u>	<u>Chester Hose Company VSAP</u>
Valuation date	January 1, 2020	July 1, 2019
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	6.50%	6.00%
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

There were no changes in assumptions.

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, 2020

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 VSAP
Discount rate	6.50%	6.00%

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 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.

9. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The changes in net pension liability for each plan for the fiscal year were as follows:

Employee Retirement	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2019	\$ 2,325,476	\$ 1,766,536	\$ 558,940
Service cost	81,261	-	81,261
Interest	155,328	-	155,328
Differences between expected and actual experience	64,133	-	64,133
Contributions - employer	-	133,832	(133,832)
Contributions - member	-	8,466	(8,466)
Net investment income	-	123,762	(123,762)
Benefit payments, including refunds of member contributions	(34,696)	(34,696)	-
Net change	266,026	231,364	34,662
Balance at June 30, 2020	\$ 2,591,502	\$ 1,997,900	\$ 593,602

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

The Chester Hose Company Plan's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. 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 (a) - (b)
Balance at July 1, 2019	\$ 861,569	\$ 790,835	\$ 70,734
Service cost	11,780	-	11,780
Interest	50,656	-	50,656
Contributions - employer	-	32,000	(32,000)
Net investment income	-	36,901	(36,901)
Benefit payments, including refunds of member contributions	(59,017)	(59,017)	-
Administrative expenses	-	(2,320)	2,320
Net change	(44,285)	7,564	(51,849)
Balance at June 30, 2020	\$ 817,284	\$ 798,399	\$ 18,885

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

The following presents the net pension liability, calculated using the current 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:

Net pension liability (asset)	1% Decrease	Current Discount Rate	1% Increase
Employee Retirement	\$ 701,725	\$ 593,602	\$ 494,896
Chester Hose Company VSAP	\$ 95,899	\$ 18,885	\$ (48,823)

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

11. Pension expense and deferred outflows and inflows of resources

The Town recognized pension expense of \$118,525 for the Employee Retirement Plan and \$4,661 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:

Employee Retirement Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 85,681	\$ (42,697)	\$ 42,984
Net difference between projected and actual earnings on pension plan investments	-	(19,897)	(19,897)
Total	<u>\$ 85,681</u>	<u>\$ (62,594)</u>	<u>\$ 23,087</u>

Chester Hose Company VSAP Description of Outflows/Inflows	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences between expected and actual experience	\$ 44,417	\$ (79,680)	\$(35,263)
Net difference between projected and actual earnings on pension plan investments	-	(26,024)	(26,024)
Total	<u>\$ 44,417</u>	<u>\$ (105,704)</u>	<u>\$ (61,287)</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:

Plan	Years
Employee Retirement	6.6
Chester Hose Company VSAP	9.5

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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
2021	\$ (5,853)	\$ (13,299)
2022	9,656	(13,954)
2023	7,980	(13,113)
2024	4,433	(5,820)
2025	6,871	(5,334)
Thereafter	-	(9,767)
Total	<u>\$ 23,087</u>	<u>\$ (61,287)</u>

12. Plan statements

Combining Statement of Fiduciary Net Position
Pension Trust Funds
June 30, 2020

<u>Assets</u>	Employee Retirement Plan	Chester Hose Company VSAP	<u>Total</u>
Investments			
Mutual funds			
Equity	\$1,444,651	\$583,000	\$2,027,651
Money market	162,606	47,933	210,539
Bonds	390,643	167,466	558,109
Total investments	<u>1,997,900</u>	<u>798,399</u>	<u>2,796,299</u>
<u>Net Position</u>			
Restricted for pension benefits	<u>\$1,997,900</u>	<u>\$798,399</u>	<u>\$2,796,299</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

Combining Statement of Changes in Fiduciary Net Position
Pension Trust Funds
For the Year Ended June 30, 2020

	Employee Retirement Plan	Chester Hose Company VSAP	Total
Additions			
Contributions			
Employer	\$ 133,832	\$ 32,000	\$ 165,832
Plan members	8,466	-	8,466
Total contributions	<u>142,298</u>	<u>32,000</u>	<u>174,298</u>
Investment income (loss)			
Change in fair value of investments	123,762	16,198	139,960
Interest and dividends	-	20,703	20,703
Total investment income (loss)	<u>123,762</u>	<u>36,901</u>	<u>160,663</u>
Total additions	<u>266,060</u>	<u>68,901</u>	<u>334,961</u>
Deductions			
Benefits	34,696	59,017	93,713
Administration	-	2,320	2,320
Total deductions	<u>34,696</u>	<u>61,337</u>	<u>96,033</u>
Change in net position	231,364	7,564	238,928
Net position - July 1, 2019	<u>1,766,536</u>	<u>790,835</u>	<u>2,557,371</u>
Net position - June 30, 2020	<u>\$ 1,997,900</u>	<u>\$ 798,399</u>	<u>\$ 2,796,299</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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. Additional publicly available financial and actuarial information can be found at www.osc.ct.gov/rbsd/cmers/plandoc.

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 Firemen	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, 2020

B. Connecticut municipal employees' retirement system (continued)

Early retirement	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 of 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 5.00% of compensation.

For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5.00% of compensation, if any, in excess of such base.

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

The Town reported \$54,451 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportionate share of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 0.014753% for the general employees with social security sub plan. There was a 0.001% increase in the Town's proportional share of the general employees sub plan as compared to the prior year.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

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 net pension liability.

For the fiscal year, the Town recognized pension expense of \$15,785. 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	\$ 5,930	\$ (4,908)	\$ 1,022
Net difference between projected and actual earnings on pension plan investments	2,217	-	2,217
Change of assumptions	14,381	-	14,381
Changes in proportional share	1,892	(503)	1,389
Contributions subsequent to the measurement date	853	-	853
Total	\$ 25,273	\$ (5,411)	19,862
Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year			(853)
Net amortized amount of deferred inflows and outflows			\$ 19,009

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

Year Ending June 30,	
2021	\$ 7,189
2022	5,548
2023	6,633
2024	(361)
Total	\$ 19,009

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

B. Connecticut municipal employees' retirement system (continued)

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2019, 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, 2019 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, 2020

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:

Asset Class	Target Allocation	Long-Term Target Expected Real Rate of Return
Domestic equity	20.00%	5.30%
Developed market international	11.00%	5.10%
Emerging market international	9.00%	7.40%
Core fixed income	16.00%	1.60%
Inflation linked bond	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	100.00%	

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 (asset) 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:

	1% Decrease	Current Discount Rate	1% Increase
Town's proportionate share of the net pension liability	\$ 77,592	\$ 54,451	\$ 34,959

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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 Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

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.

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.
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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

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

Effective January 1, 2018, each teacher is required to contribute 7% 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>6,293,759</u>
Total	<u>\$ 6,293,759</u>

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$476,404 for on-behalf amounts for the benefits provided by the State.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

C. Connecticut state teachers' retirement system (continued)

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.90%
Inflation	2.50%
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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% 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, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The inflation assumption was decreased from 2.75% to 2.50%.
- The investment rate of return was decreased from 8.00% to 6.90%.

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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**C. Connecticut state teachers' retirement system (continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public equity - US equity	20.00%	8.10%
Public equity - international developed equity	11.00%	8.50%
Public equity - emerging markets equity	9.00%	10.40%
Fixed income - core fixed income	16.00%	4.60%
Fixed income - inflation linked bonds	5.00%	3.60%
Fixed income - high yield	6.00%	6.50%
Fixed income - emerging market debt	5.00%	5.20%
Private equity	10.00%	9.80%
Real estate	10.00%	7.00%
Alternative investments - real assets	4.00%	8.20%
Alternative investments - hedge funds	3.00%	5.40%
Liquidity fund	1.00%	2.90%
Total	100.00%	

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 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 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 Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

D. Total pension plans

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Employee Retirement	\$ 593,602	\$ 85,681	\$ 62,594	\$ 118,525
Chester Hose Company VSAP	18,885	44,417	105,704	4,661
MERS	54,451	25,273	5,411	15,785
Total	<u>\$ 666,938</u>	<u>\$ 155,371</u>	<u>\$ 173,709</u>	<u>\$ 138,971</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 Board of 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, 2019 for the Town plan and June 30, 2018 for the Board of Education plan, membership consisted of:

	<u>Employees Covered</u>	
	<u>Town</u>	<u>Education</u>
Active members	6	28
Active members waiving coverage	-	7
Total	<u>6</u>	<u>35</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plans (continued)

2. Benefit provisions

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

Teachers who no longer work for the Board of Education 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, 2019	June 30, 2018
Actuarial cost method	Entry age normal	Entry age normal
Discount rate	3.13%	3.13%
Healthcare cost trend rates:		
Inflation	2.50%	2.50%
Initial medical trend rate	6.40%	6.90%
Ultimate medical trend rate	4.00%	4.00%
Year ultimate medical trend rate reached	2076	2076
Mortality rates	RP-2014 White Collar Mortality Table projected to 2020 with Scale BB	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.

The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and added to the liability reflected in this valuation report.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plans (continued)

5. Changes from prior year

a. Changes in assumptions

The Town’s plan had the following changes in assumptions:

- The discount rate decreased from 3.62% to 3.13%.
- The healthcare cost trend rate decreased from 6.80% to 6.40% decreasing to an ultimate rate of 4.00% in 2076 vs 4.40% in 2075.
- Mortality rates were updated from the RP-2014 mortality tables with scale MP-2017 to RP-2014 White Collar Mortality Table projected to 2020 with scale BB.
- The inflation rate decreased from 2.75% to 2.50%.

The Education’s plan had the following changes in assumptions:

- The discount rate decreased from 3.62% to 3.13%.

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	3.13%	3.13%

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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plans (continued)

7. Changes in the total OPEB liability

The Town's OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as June 30, 2019. The Board of Education's OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as June 30, 2018.

	<u>Town</u>	<u>Education</u>
Total OPEB liability - July 1, 2019	\$ 23,272	\$ 122,977
Service cost	1,448	12,281
Interest	895	4,896
Differences between expected and actual experience	(9,437)	-
Changes of assumptions	847	6,140
Net change	<u>(6,247)</u>	<u>23,317</u>
Total OPEB liability - June 30, 2020	<u>\$ 17,025</u>	<u>\$ 146,294</u>

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>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town	<u>\$ 17,863</u>	<u>\$ 17,025</u>	<u>\$ 16,215</u>
Education	<u>\$ 159,580</u>	<u>\$ 146,294</u>	<u>\$ 134,026</u>

9. Sensitivity of the 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>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Town	<u>\$ 15,865</u>	<u>\$ 17,025</u>	<u>\$ 18,283</u>
Education	<u>\$ 127,041</u>	<u>\$ 146,294</u>	<u>\$ 169,395</u>

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

E. Other post-employment benefit plans (continued)

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

For the fiscal year, the Town recognized OPEB expense of \$(6,247) for the Town plan and \$23,317 for the Board of Education plan. There were no reported deferred outflows or inflows of resources related to OPEB.

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.

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 through the system. 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.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)**

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.

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).

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 appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

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. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

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

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. 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>981,547</u>
Total	<u>\$ 981,547</u>

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$13,021 for on-behalf amounts for the benefits provided by the State.

5. Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	3.00%
Inflation	2.50%
Health care cost trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Mortality rates	Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.
Year fund net position will be depleted	2020

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**F. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Changes in assumptions and inputs**

- The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

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 3.00%.

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate 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 no future employer contributions were assumed to be made.

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 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 Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

Town of Chester, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020

G. Total OPEB plans

	<u>OPEB Liability</u>	<u>OPEB Expense</u>
Town	\$ 17,025	\$ (6,247)
Education	<u>146,294</u>	<u>23,317</u>
Total	<u>\$ 163,319</u>	<u>\$ 17,070</u>

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
<u>Pension Plans</u> Town 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
<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, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes					
Grand list current year	\$ 12,365,602	\$ -	\$ 12,365,602	\$ 12,637,424	\$ 271,822
Prior years' taxes	90,000	-	90,000	92,018	2,018
Interest and lien fees	50,000	-	50,000	59,881	9,881
Telephone access grant	9,800	-	9,800	9,371	(429)
Total property taxes	12,515,402	-	12,515,402	12,798,694	283,292
Intergovernmental revenues					
Education: equal (ECS)	730,368	-	730,368	732,016	1,648
Town aid road	190,000	-	190,000	190,280	280
Local capital improvement project	30,000	-	30,000	30,000	-
Gas tax refund	2,000	-	2,000	1,963	(37)
State owned property	9,000	-	9,000	9,068	68
Mashantucket Pequot	2,200	-	2,200	3,278	1,078
DUI grant	30,000	-	30,000	21,585	(8,415)
Judicial fine reimbursement	3,000	-	3,000	2,558	(442)
Surplus revenue sharing	89,000	-	89,000	89,264	264
Veterans' tax exemption	2,800	-	2,800	2,591	(209)
Other grants	-	-	-	1,948	1,948
Totally disabled exemption	200	-	200	241	41
Total intergovernmental revenues	1,088,568	-	1,088,568	1,084,792	(3,776)
Charges for services					
Building permits	40,000	-	40,000	59,563	19,563
Aircraft registration	11,500	-	11,500	13,060	1,560
Planning and zoning permits	3,000	-	3,000	8,649	5,649
Inland wetland permits	800	-	800	725	(75)
Zoning board of appeals permits	1,000	-	1,000	-	(1,000)
Pistol permits	1,500	-	1,500	1,190	(310)
Fire marshal permits	250	-	250	105	(145)
Environmental fund	100	-	100	72	(28)
Solicitors license	500	-	500	1,220	720
Raffle permits	100	-	100	30	(70)
Rental - 203 Middlesex Avenue	67,600	-	67,600	67,599	(1)
Conveyance tax	55,000	-	55,000	46,219	(8,781)
Dog fund	1,400	-	1,400	1,343	(57)
Town clerk fees	26,000	-	26,000	33,621	7,621
WCPA assessment	16,500	-	16,500	16,463	(37)
Police private duty	17,000	-	17,000	117,615	100,615
Police violations	2,000	-	2,000	4,310	2,310
Parks and recreation park passes	14,000	-	14,000	11,454	(2,546)
Rental - 20 Water Street	7,500	-	7,500	7,500	-
Library fines	1,300	-	1,300	670	(630)
Rental - meeting house - community center	6,000	-	6,000	2,350	(3,650)
Rental - cedar lake shack	500	-	500	500	-
Copier - assessor	200	-	200	113	(87)
Copier - library	500	-	500	455	(45)
Ambulance billings	210,000	-	210,000	175,746	(34,254)
Community investment account	1,500	-	1,500	1,335	(165)
Total charges for services	485,750	-	485,750	571,907	86,157

(Continued)

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, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Income from investments	\$ 60,000	\$ -	\$ 60,000	\$ 74,511	\$ 14,511
Other	-	-	-	38,643	38,643
Total revenues	<u>14,149,720</u>	<u>-</u>	<u>14,149,720</u>	<u>14,568,547</u>	<u>418,827</u>
Other financing sources					
Appropriation of fund balance	200,000	50,000	250,000	-	(250,000)
Transfers in	30,000	-	30,000	38,267	8,267
Total other financing sources	<u>230,000</u>	<u>50,000</u>	<u>280,000</u>	<u>38,267</u>	<u>(241,733)</u>
Total revenues and other financing sources	<u>\$ 14,379,720</u>	<u>\$ 50,000</u>	<u>\$ 14,429,720</u>	<u>\$ 14,606,814</u>	<u>\$ 177,094</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, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government					
Selectman	\$ 152,810	\$ -	\$ 152,810	\$ 147,624	\$ 5,186
Finance	112,883	-	112,883	112,090	793
Town office operations	65,010	-	65,010	64,878	132
Town clerk	95,016	-	95,016	94,640	376
Treasurer	24,615	-	24,615	24,207	408
Tax collector	62,028	-	62,028	60,611	1,417
Tax assessor	95,378	(7,562)	87,816	73,283	14,533
Board of assessment appeals	300	-	300	-	300
Board of finance	104,125	(80,000)	24,125	22,188	1,937
Registrar of voters	18,929	-	18,929	13,443	5,486
Building department	27,668	-	27,668	26,347	1,321
Conservation commission	830	-	830	244	586
Harbor management	100	62	162	162	-
Planning and zoning	51,633	-	51,633	36,310	15,323
Inland wetland	13,302	-	13,302	12,705	597
Zoning board of appeals	1,200	-	1,200	617	583
Economic development commission	3,900	-	3,900	460	3,440
Parks and recreation commission	137,865	7,562	145,427	145,420	7
Library	156,426	-	156,426	131,903	24,523
Total general government	1,124,018	(79,938)	1,044,080	967,132	76,948
Public works					
Highways	512,112	(55,352)	456,760	455,268	1,492
Municipal services	152,400	-	152,400	151,795	605
Building and grounds	154,900	28,000	182,900	165,612	17,288
Total public works	819,412	(27,352)	792,060	772,675	19,385
Public safety					
Fire protection	390,392	-	390,392	388,825	1,567
Police protection	382,942	(2,154)	380,788	380,784	4
Safety services	211,186	371	211,557	203,124	8,433
Animal control	18,600	-	18,600	15,832	2,768
Total public safety	1,003,120	(1,783)	1,001,337	988,565	12,772
Health and welfare					
Human services department	91,842	-	91,842	91,142	700
Health services	60,408	-	60,408	57,770	2,638
Total health and welfare	152,250	-	152,250	148,912	3,338

(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, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Benefits and insurance					
Employee benefits	\$ 506,150	\$ (56,591)	\$ 449,559	\$ 448,620	\$ 939
Retirement board	202,032	-	202,032	196,572	5,460
Municipal insurance	79,104	3,664	82,768	82,768	-
Payments to organizations	23,184	-	23,184	23,180	4
Total benefits and insurance	810,470	(52,927)	757,543	751,140	6,403
Education					
Regional School District Number 4	4,857,584	-	4,857,584	4,857,243	341
Chester Elementary School	4,812,084	-	4,812,084	4,704,971	107,113
Total education	9,669,668	-	9,669,668	9,562,214	107,454
Debt service					
Interest	11,949	-	11,949	11,949	-
Principal	71,440	-	71,440	71,438	2
Total debt service	83,389	-	83,389	83,387	2
Total expenditures	13,662,327	(162,000)	13,500,327	13,274,025	226,302
Other financing uses					
Transfers out					
Capital reserve fund	660,500	212,000	872,500	872,500	-
Cafeteria fund	56,893	-	56,893	56,893	-
Total other financing uses	717,393	212,000	929,393	929,393	-
Total expenditures and other financing uses	\$ 14,379,720	\$ 50,000	\$ 14,429,720	\$ 14,203,418	\$ 226,302

Reconciliation to Exhibit D

	Revenues	Expenditures
Budgetary Basis - RSI-1 and RSI-2	\$ 14,568,547	\$ 13,274,025
State Teachers' pension on behalf amount	476,404	476,404
State Teachers' OPEB on behalf amount	13,021	13,021
GAAP Basis - Exhibit D	\$ 15,057,972	\$ 13,763,450

(Concluded)

Town of Chester, Connecticut**Notes to Required Supplementary Information****Budgets and Budgetary Accounting
For the Year Ended June 30, 2020**

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.

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.

During the year, there were additional appropriations of \$50,000.

Town of Chester, Connecticut

Required Supplementary Information

Employee Retirement Plan
Last Seven Years (1)Schedule of Changes in Net Pension Liability and Related Ratios

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$ 81,261	\$ 70,205	\$ 59,422	\$ 71,670	\$ 63,974	\$ 69,134	\$ 78,964
Interest	155,328	143,366	141,085	146,569	136,065	127,803	118,706
Difference between expected and actual experience	64,133	(6,055)	69,666	(51,794)	(23,052)	(23,165)	-
Benefit payments, including refunds of member contributions	<u>(34,696)</u>	<u>(34,438)</u>	<u>(450,718)</u>	<u>(32,926)</u>	<u>(58,971)</u>	<u>(24,782)</u>	<u>(24,782)</u>
Net change in total pension liability	266,026	173,078	(180,545)	133,519	118,016	148,990	172,888
Total pension liability - July 1	<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>2,591,502</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	133,832	139,255	137,578	146,669	161,804	155,733	155,733
Contributions - member	8,466	5,970	4,647	5,915	8,317	8,193	7,416
Net investment income	123,762	111,781	92,682	176,495	17,651	30,251	141,011
Benefit payments, including refunds of member contributions	<u>(34,696)</u>	<u>(34,438)</u>	<u>(450,718)</u>	<u>(32,926)</u>	<u>(58,971)</u>	<u>(24,782)</u>	<u>(24,782)</u>
Net change in plan fiduciary net position	231,364	222,568	(215,811)	296,153	128,801	169,395	279,378
Plan fiduciary net position - July 1	<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>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>\$ 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>77.09%</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>\$ 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>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>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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 133,832	\$ 139,255	\$ 137,578	\$ 146,669	\$ 161,804	\$ 155,733	\$ 139,601	\$ 134,345	\$ 126,055	\$ 115,742
Contributions in relation to the actuarially determined contribution	<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>	<u>110,000</u>	<u>107,667</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,132</u>	<u>\$ -</u>	<u>\$ (16,055)</u>	<u>\$ (8,075)</u>
Covered payroll	<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>	<u>\$ 813,548</u>	<u>\$ 860,966</u>
Contributions as a percentage of covered payroll	<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>	<u>13.52%</u>	<u>12.51%</u>

Town of Chester, Connecticut
Notes to Required Supplementary Information

Employee Retirement Plan
Schedule of Contributions
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None						
The actuarially determined contribution rates are calculated as of	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2015	January 1, 2014
Actuarial methods and assumptions used to determine contribution rates:							
Actuarial Cost Method	Entry age	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%
Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.75%
Mortality Rate	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.	GAR 94 Table, Revenue ruling 2001-62 for 417e Mortality Table. Does not include margin for improvements in longevity beyond valuation date. Reflects the Plan's basis for determining lump sum distributions.

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

Town of Chester, Connecticut
Required Supplementary Information

Chester Hose Company VSAP
Last Seven Years (1)

Schedule of Changes in Net Pension Liability and Related Ratios

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability							
Service cost	\$11,780	\$11,281	\$13,136	\$ 15,705	\$ 13,958	\$ 15,011	\$12,829
Interest	50,656	48,012	48,884	41,998	40,928	39,225	34,902
Difference between expected and actual experience	(47,704)	23,645	-	91,243	-	-	-
Changes in assumptions	-	-	(37,134)	18,913	(26,371)	72,217	-
Benefit payments, including refunds of member contributions	<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	(44,285)	62,656	(29,454)	121,013	15,418	82,497	33,601
Total pension liability - July 1	<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>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	30,187	35,827	35,827	34,044	28,562	29,344
Net investment income	36,901	78,740	58,293	67,438	23,582	28,366	76,098
Benefit payments, including refunds of member contributions	(59,017)	(20,282)	(54,340)	(46,846)	(13,097)	(43,956)	(14,130)
Administrative expenses	<u>(2,320)</u>	<u>(1,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	7,564	87,576	39,780	56,419	44,529	12,972	91,312
Plan fiduciary net position - July 1	<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>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 - June 30 (a)-(b)	<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>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>
Net pension liability 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>Schedule of Investment Returns</u>							
Annual money weighted rate of return, net of investment expense	<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>

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

N/A - Volunteer Plan

Town of Chester, Connecticut

Required Supplementary Information

Chester Hose Company VSAP
Schedule of Contributions
Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 30,579	\$ 30,187	\$ 40,959	\$ 30,827	\$ 34,044	\$ 28,526	\$ 29,316	\$ 29,344	\$ 27,777	\$ 24,498
Contributions in relation to the actuarially determined contribution	<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>	<u>20,000</u>	<u>13,840</u>
Contribution excess (deficiency)	<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>	<u>\$ (7,777)</u>	<u>\$ (10,658)</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 Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	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
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2018	July 1, 2017	July 1, 2016	January 1, 2015	January 1, 2014	January 1, 2014

Actuarial methods and assumptions used to determine contribution rates:

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

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

Town of Chester, Connecticut

Required Supplementary Information

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<u>Schedule of Proportionate Share of the Net Pension Liability</u>						
Town's proportion of the net pension (asset) liability	<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>\$ 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>N/A</u>	<u>\$ 37,926</u>	<u>\$ 38,864</u>	<u>\$ 32,689</u>	<u>\$ 32,689</u>	<u>\$ 32,777</u>
Town's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	<u>N/A</u>	<u>139.23%</u>	<u>58.41%</u>	<u>82.45%</u>	<u>61.86%</u>	<u>46.36%</u>
Total plan fiduciary net position as a percentage of the total pension liability	<u>72.69%</u>	<u>73.60%</u>	<u>91.68%</u>	<u>88.29%</u>	<u>92.72%</u>	<u>90.48%</u>
<u>Schedule of Contributions</u>						
Contractually required contribution	<u>\$ 853</u>	<u>\$ 874</u>	<u>\$ 736</u>	<u>\$ 736</u>	<u>\$ 737</u>	<u>\$ 737</u>
Contributions in relation to the contractually required contribution	<u>853</u>	<u>874</u>	<u>736</u>	<u>736</u>	<u>737</u>	<u>737</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Town's covered payroll	<u>N/A</u>	<u>\$ 37,926</u>	<u>\$ 38,864</u>	<u>\$ 32,689</u>	<u>\$ 32,689</u>	<u>\$ 32,777</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>2.30%</u>	<u>1.89%</u>	<u>2.25%</u>	<u>2.25%</u>	<u>2.25%</u>

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

N/A - Not applicable or not available

Town of Chester, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	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					
Amortization Method	Level dollar, closed					
Remaining Amortization Period	21 years	21 years	23 years	23 years	25 years	25 years
Asset Valuation Method	5 year smoothing					
Inflation	2.50%	2.50%	3.25%	3.25%	3.25%	3.25%
Salary Increases	3.50%-10.00%, average, including inflation	3.50%-10.00%, 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
Social Security Wage Base	3.00%	3.00%	3.50%	3.50%	3.50%	3.50%
Investment Rate of Return	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%

(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 Six Years (3)Schedule of Proportionate Share of the Net Pension Liability

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability (asset)	<u>0.00%</u>	<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 net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<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>\$ 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>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>	<u>(2)</u>
Town's proportionate share of the net pension 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>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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>	<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>	<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 Six Years (1)

	2020	2019	2018	2017	2016	2015
Changes of Benefit Terms	None	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	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
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed			
Remaining Amortization Period	17.6 years	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market			
Inflation	2.50%	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation			
Investment Rate of Return	6.90%, net of pension plan investment expense, including inflation	8.00%, net of pension plan investment expense, including inflation	8.00%, net of pension plan investment expense, including inflation	8.00%, net of pension plan investment expense, including inflation	8.50%, net of pension plan investment expense, including inflation	8.50%, net of pension plan investment expense, including inflation
Mortality	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	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.	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.

(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
Last Three Years (1)Schedule of Changes in OPEB Liability

<u>Town Plan</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPEB liability			
Service cost	\$ 1,448	\$ 1,399	\$ 1,432
Interest	895	802	615
Difference between expected and actual experience	(9,437)	-	-
Changes in assumptions	847	(48)	(543)
Net change in total OPEB liability	(6,247)	2,153	1,504
Total OPEB liability - July 1	<u>23,272</u>	<u>21,119</u>	<u>19,615</u>
Total OPEB liability - June 30 *	<u>\$ 17,025</u>	<u>\$ 23,272</u>	<u>\$ 21,119</u>
 <u>Education Plan</u>			
OPEB liability			
Service cost	\$ 12,281	\$ 8,896	\$ 9,323
Interest	4,896	5,292	4,158
Difference between expected and actual experience	-	(3,834)	-
Changes in assumptions	6,140	(27,121)	(6,821)
Net change in total OPEB liability	23,317	(16,767)	6,660
Total OPEB liability - July 1	<u>122,977</u>	<u>139,744</u>	<u>133,084</u>
Total OPEB liability - June 30 *	<u>\$ 146,294</u>	<u>\$ 122,977</u>	<u>\$ 139,744</u>

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

Covered payroll information is not available.

(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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>Schedule of Proportionate Share of the Net OPEB Liability</u>			
Town's proportionate share of the net OPEB liability	<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>981,547</u>	<u>970,134</u>	<u>1,086,462</u>
Total	<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>
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>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>
<u>Schedule of Contributions</u>			
Contractually required contribution (1)	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	<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>

(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.

Town of Chester, Connecticut

Notes to Required Supplementary Information

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

	2020	2019	2018
Changes of Benefit Terms	None	None	None
The actuarially determined contribution rates are calculated as of	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
Amortization Method	Level percentage, open	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%
Healthcare Inflation Rate	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	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 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.

Supplemental Schedules

General Fund

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, 2020

Grand List Year	Uncollected Taxes July 1, 2019	Current Year Levy	Lawful Corrections		Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2020
			Additions	Deductions			Net Taxes Collected	Interest and Liens	Total	
2012	\$ 4,693	\$ -	\$ -	\$ -	\$ -	\$ 4,693	\$ 1,334	\$ 766	\$ 2,100	\$ 3,359
2013	4,164	-	-	-	-	4,164	-	-	-	4,164
2014	4,248	-	-	-	-	4,248	-	-	-	4,248
2015	6,258	-	-	414	-	5,844	1,554	204	1,758	4,290
2016	41,227	-	-	70	2,351	38,806	25,804	8,332	34,136	13,002
2017	<u>109,030</u>	<u>-</u>	<u>-</u>	<u>1,758</u>	<u>3,667</u>	<u>103,605</u>	<u>57,865</u>	<u>13,260</u>	<u>71,125</u>	<u>45,740</u>
Total Prior Years	169,620	-	-	2,242	6,018	161,360	86,557	22,562	109,119	74,803
2018	<u>-</u>	<u>12,774,471</u>	<u>5,834</u>	<u>27,106</u>	<u>2,964</u>	<u>12,750,235</u>	<u>12,637,399</u>	<u>34,602</u>	<u>12,672,001</u>	<u>112,836</u>
Total	<u>\$ 169,620</u>	<u>\$ 12,774,471</u>	<u>\$ 5,834</u>	<u>\$ 29,348</u>	<u>\$ 8,982</u>	<u>\$ 12,911,595</u>	<u>\$ 12,723,956</u>	<u>\$ 57,164</u>	<u>\$ 12,781,120</u>	187,639
								Interest and liens receivable		41,149
								Allowance for doubtful accounts		<u>(40,000)</u>
								Taxes, interest and liens receivable (net)		<u>\$ 188,788</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.

Fund	Funding Source	Function
Emergency Fuel/Community Fund	Contributions	Emergency assistance programs
Cafeteria Fund	Grants and charges for services	School lunch and breakfast program
Parks and Recreation Fund	Charges for services	Parks and recreation programs
Small Cities Fund	Grants and loan repayments	Residential rehabilitation loan program
Historic Records Preservation Fund	Grants and charges for services	Historic documents preservation
Library Fund	Contributions	Library related programs
Education Grants Fund	Grants	Education 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

Town of Chester, Connecticut
Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

	Emergency Fuel/ Community Fund	Cafeteria Fund	Parks and Recreation Fund	Small Cities Fund	Historic Records Preservation Fund
<u>Assets</u>					
Cash	\$ -	\$ 6,185	\$ 870	\$ 25	\$ 5,973
Investments	28,901	-	18,264	194,014	-
Receivables					
Accounts	-	18,466	-	-	-
Intergovernmental	-	7,795	-	-	-
Loans	-	-	-	90,715	-
Sewer assessments and user fees	-	-	-	-	-
Other	-	3,606	-	-	-
Total assets	<u>\$ 28,901</u>	<u>\$ 36,052</u>	<u>\$ 19,134</u>	<u>\$ 284,754</u>	<u>\$ 5,973</u>
<u>Liabilities</u>					
Accounts payable	\$ -	\$ 1,850	\$ -	\$ 4,625	\$ -
<u>Deferred Inflows of Resources</u>					
Unavailable revenues - sewer assessments and user fees	-	-	-	-	-
<u>Fund Balances</u>					
Restricted	28,901	34,202	-	280,129	5,973
Assigned	-	-	19,134	-	-
Total fund balances	<u>28,901</u>	<u>34,202</u>	<u>19,134</u>	<u>280,129</u>	<u>5,973</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,901</u>	<u>\$ 36,052</u>	<u>\$ 19,134</u>	<u>\$ 284,754</u>	<u>\$ 5,973</u>

(Continued)

Town of Chester, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

Special Revenue Funds

	<u>Library Fund</u>	<u>Harbor Fund</u>	<u>Town Grants Fund</u>	<u>Sewer System Fund</u>	<u>Total Other Governmental Funds</u>
<u>Assets</u>					
Cash	\$ 8,211	\$ -	\$ -	\$ -	\$ 21,264
Investments	49,711	2,428	7,933	46,114	347,365
Receivables					
Accounts	-	-	-	-	18,466
Intergovernmental	-	-	-	-	7,795
Loans	-	-	-	-	90,715
Sewer assessments and user fees	-	-	-	15,193	15,193
Other	-	-	-	-	3,606
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 57,922</u>	<u>\$ 2,428</u>	<u>\$ 7,933</u>	<u>\$ 61,307</u>	<u>\$ 504,404</u>
<u>Liabilities</u>					
Accounts payable	<u>\$ 11,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,385</u>	<u>\$ 26,823</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenues - sewer assessments and user fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,193</u>	<u>15,193</u>
<u>Fund Balances</u>					
Restricted	45,959	-	7,933	37,729	440,826
Assigned	<u>-</u>	<u>2,428</u>	<u>-</u>	<u>-</u>	<u>21,562</u>
	<u>45,959</u>	<u>2,428</u>	<u>7,933</u>	<u>37,729</u>	<u>462,388</u>
Total fund balances	<u>45,959</u>	<u>2,428</u>	<u>7,933</u>	<u>37,729</u>	<u>462,388</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 57,922</u>	<u>\$ 2,428</u>	<u>\$ 7,933</u>	<u>\$ 61,307</u>	<u>\$ 504,404</u>

(Concluded)

Town of Chester, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Emergency Fuel/ Community Fund	Cafeteria Fund	Parks and Recreation Fund	Small Cities Fund	Historic Records Preservation Fund
Revenues					
Intergovernmental	\$ -	\$ 41,716	\$ -	\$ -	\$ -
Charges for services	-	24,809	7,358	1,200	39,194
Income from investments	4	-	31	362	-
Contributions	20,948	-	-	-	-
Total revenues	<u>20,952</u>	<u>66,525</u>	<u>7,389</u>	<u>1,562</u>	<u>39,194</u>
Expenditures					
Current:					
General government	-	-	15,136	-	38,289
Public works	-	-	-	-	-
Health and welfare	9,599	-	-	7,991	-
Education	-	120,747	-	-	-
Total expenditures	<u>9,599</u>	<u>120,747</u>	<u>15,136</u>	<u>7,991</u>	<u>38,289</u>
Excess (deficiency) of revenues over expenditures	<u>11,353</u>	<u>(54,222)</u>	<u>(7,747)</u>	<u>(6,429)</u>	<u>905</u>
Other financing sources (uses)					
Transfers in	-	56,893	-	-	-
Transfers out	-	-	(33,555)	-	-
Net other financing sources (uses)	<u>-</u>	<u>56,893</u>	<u>(33,555)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	11,353	2,671	(41,302)	(6,429)	905
Fund balances - July 1, 2019	<u>17,548</u>	<u>31,531</u>	<u>60,436</u>	<u>286,558</u>	<u>5,068</u>
Fund balances - June 30, 2020	<u>\$ 28,901</u>	<u>\$ 34,202</u>	<u>\$ 19,134</u>	<u>\$ 280,129</u>	<u>\$ 5,973</u>

(Continued)

Town of Chester, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

Special Revenue Funds

	Library Fund	Education Grants Fund	Harbor Fund	Town Grants Fund	Sewer System Fund	Total Other Governmental Funds
Revenues						
Intergovernmental	\$ 101	\$ 47,479	\$ -	\$ 5,500	\$ -	\$ 94,796
Charges for services	-	-	700	1,708	123,626	198,595
Income from investments	406	-	-	-	48	851
Contributions	13,105	-	-	-	-	34,053
Total revenues	13,612	47,479	700	7,208	123,674	328,295
Expenditures						
Current:						
General government	39,452	-	-	7,971	-	100,848
Public works	-	-	-	-	97,327	97,327
Health and welfare	-	-	-	-	-	17,590
Education	-	47,479	-	-	-	168,226
Total expenditures	39,452	47,479	-	7,971	97,327	383,991
Excess (deficiency) of revenues over expenditures	(25,840)	-	700	(763)	26,347	(55,696)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	56,893
Transfers out	-	-	-	(4,712)	-	(38,267)
Net other financing sources (uses)	-	-	-	(4,712)	-	18,626
Net change in fund balances	(25,840)	-	700	(5,475)	26,347	(37,070)
Fund balances - July 1, 2019	71,799	-	1,728	13,408	11,382	499,458
Fund balances - June 30, 2020	\$ 45,959	\$ -	\$ 2,428	\$ 7,933	\$ 37,729	\$ 462,388

(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.

Table	Description
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

Changes in Fund Balances
General Fund (Budgetary Basis)
Last Ten Years
(Unaudited)

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Property taxes	\$ 12,798,694	\$ 12,178,823	\$ 11,678,130	\$ 11,326,918	\$ 11,109,486	\$ 10,848,239	\$ 11,037,684	\$ 11,408,340	\$ 11,081,320	\$ 11,143,527
Intergovernmental	1,084,792	1,004,835	937,680	1,083,537	1,097,953	1,060,245	1,072,036	1,154,274	936,082	939,303
Charges for services	571,907	519,350	481,930	83,102	60,788	85,060	91,562	56,815	69,580	59,787
Income from investments	74,511	66,697	29,339	-	-	-	-	-	-	-
Other	38,643	39,470	62,736	449,922	469,114	267,951	310,802	270,900	234,461	365,717
Total revenues	14,568,547	13,809,175	13,189,815	12,943,479	12,737,341	12,261,495	12,512,084	12,890,329	12,321,443	12,508,334
Expenditures										
Current										
General government	967,132	960,713	1,001,794	941,612	893,681	848,345	822,056	807,265	786,312	741,809
Public works	772,675	960,161	873,899	768,066	700,696	1,007,753	830,574	755,821	704,409	847,614
Public safety	988,565	908,077	856,717	862,731	795,006	713,641	707,697	696,383	672,616	653,509
Health and welfare	148,912	145,270	133,388	131,358	143,081	139,001	134,401	133,412	133,038	127,314
Benefits and insurance	751,140	725,406	692,065	708,066	780,467	756,007	734,679	653,976	612,769	660,366
Education	9,562,214	8,938,237	8,743,563	8,679,694	8,554,628	8,468,659	8,394,612	8,870,300	8,870,971	8,783,217
Debt service	83,387	83,389	222,483	221,994	227,794	233,594	239,394	244,940	250,160	270,245
Total expenditures	13,274,025	12,721,253	12,523,909	12,313,521	12,095,353	12,167,000	11,863,413	12,162,097	12,030,275	12,084,074
Excess (deficiency) of revenues over expenditures	1,294,522	1,087,922	665,906	629,958	641,988	94,495	648,671	728,232	291,168.0	424,260
Other financing sources (uses)										
Transfers in	38,267	32,125	31,551	29,647	65,275	195,390	173,235	170,567	153,544	12,914
Transfers out	(929,393)	(694,786)	(515,700)	(498,096)	(542,500)	(342,870)	(723,620)	(513,961)	(492,000)	(393,300)
Net other financing sources (uses)	(891,126)	(662,661)	(484,149)	(468,449)	(477,225)	(147,480)	(550,385)	(343,394)	(338,456)	(380,386)
Net change in fund balances	\$ 403,396	\$ 425,261	\$ 181,757	\$ 161,509	\$ 164,763	\$ (52,985)	\$ 98,286	\$ 384,838	\$ (47,288)	\$ 43,874
Debt service as a percentage of expenditures	0.63%	0.66%	1.78%	1.80%	1.88%	1.92%	2.02%	2.01%	2.08%	2.24%

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			
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	Current Delinquent Balance
2020	28.79	2018	\$ 12,750,235	\$ 12,637,399	99.1%	\$ -	\$ 12,637,399	99.1%	\$ 112,836
2019	27.11	2017	12,099,190	11,990,160	99.1%	63,290	12,053,450	99.6%	45,740
2018	26.36	2016	11,662,786	11,538,351	98.9%	111,433	11,649,784	99.9%	13,002
2017	26.29	2015	11,248,049	11,151,365	98.3%	92,393	11,243,758	98.3%	4,290
2016	26.07	2014	11,093,191	10,952,639	98.1%	136,303	11,088,942	98.1%	4,248
2015	25.69	2013	10,816,762	10,800,076	98.3%	12,522	10,812,598	100.0%	4,164
2014	23.40	2012	11,049,224	10,900,177	97.9%	145,688	11,045,865	100.0%	3,359
2013	23.00	2011	11,286,214	11,177,921	98.1%	108,293	11,286,214	100.0%	-
2012	22.46	2010	11,050,679	10,955,634	98.3%	95,045	11,050,679	100.0%	-
2011	21.45	2009	11,034,592	10,898,819	98.3%	135,773	11,034,592	100.0%	-

Source: Town Audit Reports.

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, 2020
(Unaudited)

Tax Base:

Total tax collections (including interest and lien fees) for prior year \$ 12,166,851

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 27,375,415	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	54,750,830	-	-	-
3 3/4 times base	-	-	45,625,691	-	-
3 1/4 times base	-	-	-	39,542,266	-
3 times base	-	-	-	-	36,500,553
Total debt limitation	<u>27,375,415</u>	<u>54,750,830</u>	<u>45,625,691</u>	<u>39,542,266</u>	<u>36,500,553</u>
Indebtedness:					
Overlapping debt of Regional School District No. 4	<u>-</u>	<u>1,010,970</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 27,375,415</u>	<u>\$ 53,739,860</u>	<u>\$ 45,625,691</u>	<u>\$ 39,542,266</u>	<u>\$ 36,500,553</u>
The total net indebtedness above amounts to:					<u>\$ 1,010,970</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation:					<u>\$ 85,167,957</u>