

CROMWELL FIRE DISTRICT

CROMWELL, CONNECTICUT

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2020**

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT

**REQUIRED SUPPLEMENTARY
INFORMATION,**

OTHER SUPPLEMENTARY INFORMATION,

AND

**GOVERNMENTAL AUDITING
STANDARDS REPORT**



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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cromwell Fire District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District'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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cromwell Fire District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 16, the budgetary comparison information on page 62, and the pension schedules on pages 63 - 69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut

February 22, 2021

CROMWELL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

This discussion and analysis of Cromwell Fire District's (the District) financial performance is prepared by management to provide an overview of the District's financial activities for the fiscal year ended June 30, 2020. Please read this MD&A in conjunction with the District's financial statements.

FINANCIAL HIGHLIGHTS

- The District's combined net position *increased* by 1.4% from a year ago. Combined net position amounted to \$22,644,698 as of June 30, 2020. Over time, *increases* in net position are an indicator that the District's financial position is improving.
- Net position for the District's governmental activities *increased* to \$7,542,023 from \$7,229,094 as of June 30, 2019. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements, *increased* from \$1,604,119 at June 30, 2019 to \$2,130,628 at the end of this year.
- The District's total revenue was \$7,204,226 (net of transfers). The total cost of all programs and services was \$6,891,284 (net of transfers).
- The General Fund unassigned fund balance at June 30, 2020 is \$1,033,695.
- The tax collection rate for the current tax levy was 99.1%. Total tax and interest collections of \$3,610,298 were *over* the budgeted estimate by \$6,894.
- Ambulance billings amounted to \$637,515. Billable call volume *decreased* from 1,371 in fiscal 2019 to 1,303 in fiscal 2020.
- The District's share of fund balance of the Public Safety Communications Tower Fund is \$547,961 as of June 30, 2020. This balance is earmarked to finance communication systems, public safety tower structural replacements and upgrades, and other Fire Department capital programs but is also available to finance operating costs if needed.
- Water Division operating income/(loss) amounted to \$(54,030) and the change in net position after transfers, capital contributions, and non-operating revenue and interest expenses amounted to \$13. Water Division net position *increased* from \$15,102,662 as of June 30, 2019 to \$15,102,675 as of June 30, 2020.
- The District has an 'AA' long-term bond rating with a stable outlook from Standard and Poor's.

BASIC FINANCIAL STATEMENTS

Our discussion and analysis of the Cromwell Fire District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020; as such, it should be read in conjunction with the District's audited financial statements. The District's financials consists of two series of financial statements: Government-Wide and Fund Financial Statements. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent.

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

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

BASIC FINANCIAL STATEMENTS (Continued)

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

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

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CONDENSED GOVERNMENT-WIDE STATEMENTS

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

Statement of Net Position

	Governmental Activities		Increase	Business-Type Activities		Increase
	2020	2019	(Decrease)	2020	2019	(Decrease)
Current and other assets	\$ 3,437,017	\$ 2,846,915	\$ 590,102	\$ 2,522,647	\$ 2,711,914	\$ (189,267)
Capital assets, net	9,293,495	6,845,116	2,448,379	15,387,098	15,620,833	(233,735)
Deferred outflows of resources	975,717	633,002	342,715	424,603	486,161	(61,558)
Total assets	<u>\$ 13,706,229</u>	<u>\$ 10,325,033</u>	<u>\$ 3,381,196</u>	<u>\$ 18,334,348</u>	<u>\$ 18,818,908</u>	<u>\$ (484,560)</u>
Current liabilities	\$ 270,116	\$ 276,794	\$ (6,678)	\$ 441,199	\$ 389,625	\$ 51,574
Non-current liabilities	5,046,140	1,749,766	3,296,374	2,727,494	3,242,747	(515,253)
Deferred inflows of resources	847,950	1,069,379	(221,429)	62,980	83,874	(20,894)
Total liabilities	<u>6,164,206</u>	<u>3,095,939</u>	<u>3,068,267</u>	<u>3,231,673</u>	<u>3,716,246</u>	<u>(484,573)</u>
Net position						
Invested in capital assets, net of related debt	5,379,923	5,590,352	(210,429)	13,072,880	12,634,659	438,221
Restricted	31,472	34,623	(3,151)	-	-	-
Unrestricted	2,130,628	1,604,119	526,509	2,029,795	2,468,003	(438,208)
Total net position	<u>7,542,023</u>	<u>7,229,094</u>	<u>312,929</u>	<u>15,102,675</u>	<u>15,102,662</u>	<u>13</u>
Total liabilities and net position	<u>\$ 13,706,229</u>	<u>\$ 10,325,033</u>	<u>\$ 3,381,196</u>	<u>\$ 18,334,348</u>	<u>\$ 18,818,908</u>	<u>\$ (484,560)</u>

Current and other assets in the governmental activities *increased* during the fiscal year ended June 30, 2020 due to an *increase* in cash and cash equivalents at year end. The District's capital assets had a net *increase* from radio system improvements. Deferred outflows of resources *increased* due to changes in pension assumptions and projected pension investment earnings. Non-current liabilities in the governmental activities *increased* in the 2019-2020 fiscal year due to an increase in bonds payable and increased net pension liability. Deferred inflows of resources *decreased* primarily due to amortization relating to the West Street complex.

Current and other assets in the business-type activities *decreased* during the fiscal year ended June 30, 2020 due to a *decrease* in cash and cash equivalents at year end. The Water Division's capital assets had a net *decrease* from annual depreciation expense. Deferred outflows of resources *decreased* primarily due to amortization relating to the West Street complex. Non-current liabilities *decreased* as of June 30, 2020 primarily due to scheduled debt service payments.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

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

Statement of Activities

	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2020	2019		2020	2019	
Revenues						
Program revenues						
Charges for services	\$ 854,985	\$ 891,383	\$ (36,398)	\$ 2,147,223	\$ 2,133,634	\$ 13,589
Grants and contributions						
Operating	101,900	104,006	(2,106)	-	-	-
Capital	380,953	113,334	267,619	-	-	-
General revenues						
Property taxes,						
interest and lien fees	3,591,827	3,620,840	(29,013)	-	-	-
Interest and miscellaneous income	41,946	33,832	8,114	85,392	84,757	635
Loss on sale of capital asset	-	(11,185)	11,185	-	-	-
Transfers	-	-	-	4,265	36,736	(32,471)
Total revenues	4,971,611	4,752,210	219,401	2,236,880	2,255,127	(18,247)
Program expenses						
Administration and finance	1,012,703	608,649	404,054	-	-	-
Public safety	3,572,713	3,607,453	(34,740)	-	-	-
Interest on long-term debt	69,001	18,545	50,456	35,614	41,974	(6,360)
Water services	-	-	-	2,201,253	2,217,965	(16,712)
Transfers	4,265	36,736	(32,471)	-	-	-
Total expenses	4,658,682	4,271,383	387,299	2,236,867	2,259,939	(23,072)
Change in net position	312,929	480,827	(167,898)	13	(4,812)	4,825
Net position,						
Beginning of year	7,229,094	6,748,267	480,827	15,102,662	15,107,474	(4,812)
End of year	\$ 7,542,023	\$ 7,229,094	\$ 312,929	\$ 15,102,675	\$ 15,102,662	\$ 13

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CONDENSED GOVERNMENT-WIDE STATEMENTS (Continued)

Governmental Activities

The two primary sources of revenue used to finance governmental activities are property taxes and charges for services. Property taxes amounted to 74% of total revenue, which is a *decrease* from the previous year. Charges for services amounted to 18% of total revenue, which is a *decrease* from the previous year. Total revenues *increased* by 5% from the previous year. This is primarily the result of an *increase* in revenue from grants. Charges for services include \$590,596 in ambulance billings and \$264,389 for fees related to the use of the Public Safety Communications Tower owned by the District.

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

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Administration and finance	\$ 1,012,703	\$ 608,649	\$ 1,012,703	\$ 608,649
Public safety	3,572,713	3,607,453	2,234,875	2,498,730
Interest and miscellaneous income	69,001	18,545	69,001	18,545
Totals	<u>\$ 4,654,417</u>	<u>\$ 4,234,647</u>	<u>\$ 3,316,579</u>	<u>\$ 3,125,924</u>

The total cost of services, as reflected in the above schedule, *increased* by \$419,770 or approximately 9.9%. This *increase* was the result of a \$404,054 *increase* in administration costs, a \$34,740 *decrease* in public safety costs, and an *increase* of \$50,456 in interest expense.

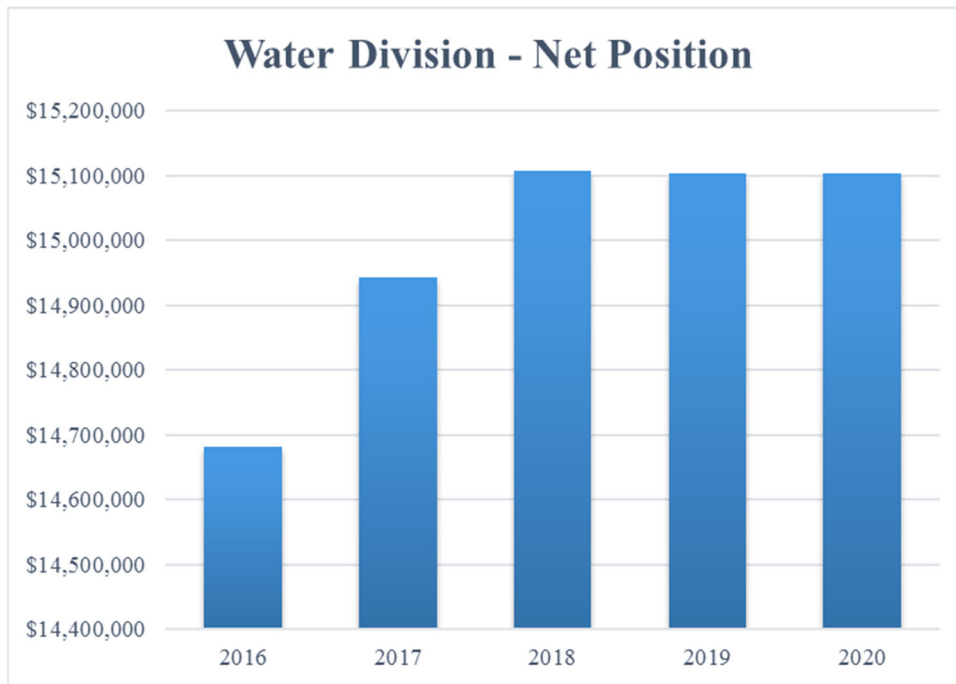
The net cost of services *increased* by \$190,655, or approximately 6%, primarily as a result of the *increase* in administration costs mentioned above.

CROMWELL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

CONDENSED GOVERNMENT-WIDE STATEMENTS *(Continued)*

Business-Type Activities

The District, through its Water Division, owns and operates the water distribution, pumping and treatment facilities that service the Town of Cromwell. The District's Water Division is reported as a business-type activity, and these services are financed by fees charged to customers. For the year ending June 30, 2020, metered sales amounted to \$1,917,046. This was a *decrease* of 0.4% from the previous year. Water Division operating net income/(loss) amounted to \$(54,030) as compared to \$(84,331) for 2018-2019. Net income/(loss) after transfers, capital contributions, and non-operating revenue and interest expenses amounted to \$13, an *increase* of \$4,825 from the previous year. Water Division net position *increased* from \$15,102,662 as of June 30, 2019 to \$15,102,675 as of June 30, 2020. The chart presented below reflects a five-year comparison of the net position of the Water Division from 2016 to 2020.



The District services 4,060 accounts, of which 3,685 are residential, 353 are commercial, and 22 are industrial.

With the addition of recently completed Well #4, the District's groundwater system consists of four active production wells with a combined pumping rate of approximately 10.5 million gallons per day. The maximum day demand in fiscal 2020 was 3,702,000 gallons providing the District with a surplus of over six million gallons a day. This surplus in system capacity enables the District to rotate and rest wells, and provides the potential to supply additional water to surrounding communities. The District currently provides water to a portion of Berlin, Connecticut. In addition, with the newer wells now on line, the District has been able to improve

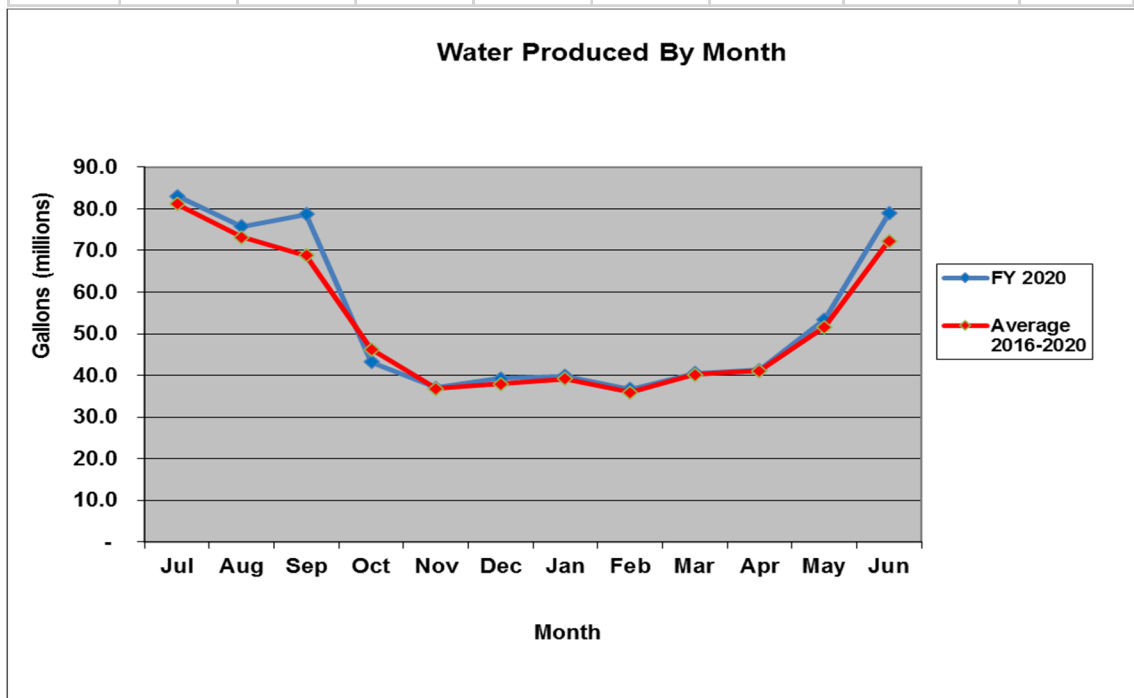
CROMWELL FIRE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

CONDENSED GOVERNMENT-WIDE STATEMENTS *(Continued)*

Business-Type Activities *(Continued)*

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

Month	Fiscal Year End					Five-Year Average	2020 Monthly vs. Average	%
	2016	2017	2018	2019	2020			
Jul	81.9	89.8	70.7	80.3	83.0	81.2	1.9	2%
Aug	81.7	75.4	66.6	66.5	75.8	73.2	2.6	4%
Sep	72.5	70.6	64.8	57.6	78.7	68.8	9.9	14%
Oct	47.3	47.3	51.4	42.0	43.3	46.3	(3.0)	-6%
Nov	35.0	39.8	36.3	35.7	37.1	36.8	0.3	1%
Dec	36.1	40.2	36.5	37.4	39.2	37.9	1.4	4%
Jan	37.8	40.8	38.7	38.6	39.9	39.1	0.7	2%
Feb	35.6	36.4	35.8	35.0	36.7	35.9	0.8	2%
Mar	39.6	40.4	39.4	40.8	40.5	40.2	0.4	1%
Apr	41.6	41.4	39.7	41.3	41.3	41.1	0.3	1%
May	54.5	49.9	53.9	46.5	53.4	51.6	1.8	3%
Jun	82.0	61.3	77.7	61.5	78.9	72.3	6.6	9%
Total	645.6	633.3	611.4	583.3	647.9	624.3	23.6	4%



**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

As the District completed the year, its governmental funds reported a combined fund balance \$3,033,578 as compared with a balance of \$2,245,973 a year ago. A schedule of the various components of the governmental fund balances is presented below:

	<u>2020</u>	<u>2019</u>
General fund	\$ 1,289,316	\$ 1,088,344
Capital projects:		
Equipment reserve fund	1,035,880	424,416
Non-major special revenue funds:		
Public safety communications tower fund	547,961	555,511
Fire department fund	64,143	80,079
Sick benefits fund	64,806	64,627
Scholarship & Memorial fund	25,926	27,450
Neto student benefits fund	5,546	5,546
Total governmental funds	<u>\$ 3,033,578</u>	<u>\$ 2,245,973</u>

The *increase* in the General Fund total fund balance reflects the results from 2019-2020 budgetary operations. The District's results from budgetary operations had a *positive* variance of \$200,972.

The *increase* in the Equipment Reserve Fund is a result of funding for capital projects which had not yet been completed at the end of the fiscal year. These expenditures were made in accordance with the District's five-year capital plan. Total expenditures amounted to \$2,975,625 of which \$2,924,335 was capitalized.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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

Governmental Funds (*Continued*)

The funding for these projects came from transfers from the General Fund (\$316,000), Water Division Enterprise Fund (\$3,470), federal grants (\$267,619) and proceeds from bonds (\$3,000,000).

The *decrease* in the Public Safety Communications Tower Fund reflects the planned use of available fund balance transferred to the General Fund.

The following funds represent trust funds for the Fire Department:

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

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

General Fund Budgetary Highlights

The Board of Commissioners made an additional appropriation in the amount of \$85,000 to the 2019-2020 fiscal year approved budget; line item transfers were also approved. The purpose of the additional appropriation was to fund the replacement of the boiler at the Coles Road fire station. The additional appropriation was approved by the public at a special District meeting on October 1, 2019.

Overall actual revenues were *over* budget in total by \$64,912 and actual expenditures were *under* budget by \$332,774, with each individual budget line item varying differently in the amount of its variance with the budget.

The two primary sources that finance General Fund operations are property taxes and ambulance billings. Tax collections for the current year's levy amounted to \$3,617,349. The tax collection rate for the current levy was 99.1%.

Ambulance billings amounted to \$637,515 as compared with \$622,050 for 2018-2019. This represents a 2.5% *increase* in revenue. The District's charges for ambulance services are controlled by the State of Connecticut Department of Public Health. The authorized State rate for basic services was \$758 as of June 30, 2020. The Medicare rate is \$408.54. Regardless of the actual number of requests for service (911 calls), only completed calls result in a billable event. Cancellations, refusals, stand-bys and such do not result in any revenue, yet the District must expend resources to have an ambulance staffed and able to respond.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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

General Fund Budgetary Highlights (*Continued*)

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

- Billable calls *decreased* from 1,371 in 2018-19 to 1,303 in 2019-20. The billable call volume for 2019-20 represented a 5% *decrease* from 2018-19.
- The average billable call amount *increased* primarily due to the *increase* in the authorized State rate for basic services.
- Self-pay payers were approximately 3.0% of total call volume for fiscal year 2020 as compared to 3.0% in fiscal 2019.

General Fund expenditures include the District's public safety operations (Fire and EMS Services). Total General Fund expenditures for the year ended June 30, 2020 amounted to \$3,941,509. This was \$332,774 *less* than the adjusted budget.

General Fund revenues *exceeded* expenditures by \$200,972. The General Fund available fund balance as of June 30, 2020 is \$1,033,695 or 26.2% of 2019-2020 General Fund expenditures.

PUBLIC SAFETY COMMUNICATIONS TOWER FUND

The Cromwell Fire District owns a 170-foot communications tower, including appurtenances and equipment buildings. The Tower is utilized for District and town wide public safety communication purposes. The District also leases tower space to various cellular phone companies and other organizations requiring antennas for communications systems. Operations of the Tower are under control of a Public Safety Tower Committee made up of representatives from the District and the Town of Cromwell Police Department. Net revenues from the Tower are shared equally between the District and the Town. Revenues from Tower leases amounted to \$264,389 for the year ended June 30, 2020. The District's share of the fund balance of the Public Safety Communications Tower Fund is \$547,961 as of June 30, 2020. Within the fund the Public Safety Tower Committee established a reserve account for financing the future public safety tower structural replacements and upgrades. There were no contributions to the reserve account for 2019-20. During the fiscal year, there were \$10,000 in charges to the reserve account and the balance is \$114,008 as of June 30, 2020. The remaining fund balance of \$433,953 is available to finance communication systems and other Fire Department capital programs.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had over \$42.8 million invested in various capital assets as listed below:

	Governmental Activities	Business-Type Activities	Total
Land	\$ 305,000	\$ 147,152	\$ 452,152
Construction in progress	2,744,581	-	2,744,581
Building and improvements	7,190,927	23,009,290	30,200,217
Vehicles	3,838,161	278,669	4,116,830
Equipment	3,320,207	2,003,739	5,323,946
	<u>\$ 17,398,876</u>	<u>\$ 25,438,850</u>	<u>\$ 42,837,726</u>

During the fiscal year ended June 30, 2020, the District added \$179,754 of depreciable capital assets to its governmental activities. These additions included the following:

- Boiler – Coles Road Station (\$63,680)
- Antenna & Coax replacement (Shunpike) (\$46,093)
- Rebuild engine - Ladder 3 (\$34,976)

For its business-type activities, the District added capital assets of \$226,481 which included the following:

- VFD's for wells 3&4 (\$168,133)
- Motor replacement for well 4 (\$38,281)

Additional information on the District's capital assets can be found in *Notes 5* and *6* to the financial statements.

Noncurrent Liabilities

For its governmental activities, the District made principal payments totaling \$227,857 on its bonds payable long-term debt and amortized \$14,406 on the premium on bonds payable. Total indebtedness in the form of bonds and premiums at June 30, 2020 was \$3,605,958. Other obligations at June 30, 2020 include \$1,220,062 of pension liability, \$31,015 of accrued interest, and \$85,099 of accrued compensated absences.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION *(Continued)*

Noncurrent Liabilities *(Continued)*

For its business-type activities, the District made principal payments totaling \$583,617 on its bonds payable long-term debt and amortized \$28,097 on the premium on bonds payable. Total indebtedness in the form of bonds and premiums at June 30, 2020 was \$2,374,461. Other obligations at June 30, 2020 include \$293,895 of net pension liability and \$59,138 of accrued compensated absences.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The unemployment rate in the Town of Cromwell was 8.9% as of June 2020, versus 3.0% as of June 2019. This compares favorably with the Hartford Labor Market area's unemployment rate of 9.9% and the State rate of 10.2%. The increase in the Town's unemployment rate was largely due to the "Covid-19" pandemic. The Town of Cromwell chose to implement a tax payment deferral program to comply with Executive Orders issued by the Governor of the State of Connecticut. Tax collections as of June 30, 2020 were comparable to prior years and subsequent collections have not yet been affected by the payment deferral program.

According to the U.S. Census Bureau's 2019 American Community Survey 5-Year Estimates, per capita income in Cromwell was \$49,348 compared to the county rate of \$46,023 and the State rate of \$44,496. Median household income was \$89,243 for Cromwell versus \$85,898 for the county and \$78,833 for the State. The percent of families below poverty level was 4.9% for the Town. The county percentage was 6.9% and the State's was 10.0%.

General Fund

At its annual budget meeting on April 30, 2020, the Cromwell Fire District adopted its budget for 2020-2021. The General Fund budget for 2020-2021 reflects revenues of \$4,726,364, operating expenditures of \$4,103,548, capital transfers of \$238,948 and debt service expenditures of \$576,254. The 2020-2021 budget projects the use of \$192,387 in available General Fund fund balance to balance revenues with expenditures. There is no budgeted mill rate increase for the 2020-2021 fiscal year, therefore, the District's mill rate remains at 2.5 mills.

General Fund revenues are projected to increase by 7.5% primarily as a result of an increase in property taxes (\$135,522) and federal (FEMA) grants (\$185,100).

General Fund expenditures reflect an increase of 7.1% over the current budget. An increase in EMS/Fire Operations costs (\$155,224) and an increase in Insurance & Employee Benefits costs (\$183,114) are the primary factors.

**CROMWELL FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020**

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

Water Division Enterprise Fund

The total projected revenue for the Water Division is \$2,555,611. This represents an increase of 9.8% from the current year. The District is not considering any increase in water rates at this time.

The operating budget for the Water Division, which amounts to \$1,971,864, is an increase of 12.9% compared to 2019-2020. Projected operating revenues exceed operating expenditures by \$234,945. Net results of operations reflect a negative balance of \$347,302 after taking into consideration the contribution from assessments (\$1,500) and the payment of debt principal (\$583,747).

Capital Budget

The budget for the Equipment Reserve Fund includes:

1. \$55,948 for Door access security system
2. \$35,000 appropriated for SCBA equipment
3. \$100,000 for Rescue-1 replacement
4. \$30,000 for Ambulance re-chassis

Funding for the Equipment Reserve Fund includes a General Fund contribution of \$238,948. The projected balance for the Equipment Reserve Fund at the end of the 2020-2021 fiscal year is \$390,842.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**CROMWELL FIRE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,107,110	\$ 1,029,512	\$ 4,136,622
Receivables, net	266,673	1,388,065	1,654,738
Prepaid expenses	63,234	54,620	117,854
Inventory	-	50,450	50,450
Total current assets	<u>3,437,017</u>	<u>2,522,647</u>	<u>5,959,664</u>
NONCURRENT ASSETS			
Capital assets, non-depreciable	3,049,581	147,152	3,196,733
Capital assets, net of accumulated depreciation	6,243,914	15,239,946	21,483,860
Total noncurrent assets	<u>9,293,495</u>	<u>15,387,098</u>	<u>24,680,593</u>
Total assets	<u>12,730,512</u>	<u>17,909,745</u>	<u>30,640,257</u>
DEFERRED OUTFLOWS OF RESOURCES			
West Street Complex contribution	-	340,001	340,001
Changes in pension assumptions	355,291	49,444	404,735
Changes in projected pension investment earnings	204,459	-	204,459
Changes in proportional share	146,247	-	146,247
Changes in actuarial experience	148,167	35,158	183,325
Pension contributions made subsequent to the Measurement date	<u>121,553</u>	<u>-</u>	<u>121,553</u>
Total deferred outflows of resources	<u>975,717</u>	<u>424,603</u>	<u>1,400,320</u>
Total assets and deferred outflows of resources	<u>\$ 13,706,229</u>	<u>\$ 18,334,348</u>	<u>\$ 32,040,577</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES			
Accounts payable	\$ 182,717	\$ 95,833	\$ 278,550
Accrued expenses	79,397	21,878	101,275
Unearned revenue	8,002	323,488	331,490
Total current liabilities	<u>270,116</u>	<u>441,199</u>	<u>711,315</u>
NONCURRENT LIABILITIES			
Due within one year	585,664	651,426	1,237,090
Due in more than one year	4,460,476	2,076,068	6,536,544
Total noncurrent liabilities	<u>5,046,140</u>	<u>2,727,494</u>	<u>7,773,634</u>
Total liabilities	<u>5,316,256</u>	<u>3,168,693</u>	<u>8,484,949</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in projected pension investment earnings	20,586	-	20,586
Changes in actuarial experience	487,363	62,980	550,343
West Street Complex contribution	340,001	-	340,001
Total deferred inflows of resources	<u>847,950</u>	<u>62,980</u>	<u>910,930</u>
NET POSITION			
Invested in capital assets, net of related debt	5,379,923	13,072,880	18,452,803
Restricted	31,472	-	31,472
Unrestricted	2,130,628	2,029,795	4,160,423
Total net position	<u>7,542,023</u>	<u>15,102,675</u>	<u>22,644,698</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 13,706,229</u>	<u>\$ 18,334,348</u>	<u>\$ 32,040,577</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
GOVERNMENTAL ACTIVITIES							
Administration and finance	\$ 1,012,703	\$ -	\$ -	\$ -	\$ (1,012,703)	\$ -	\$ (1,012,703)
Public safety	3,572,713	854,985	101,900	380,953	(2,234,875)	-	(2,234,875)
Interest on long-term debt	69,001	-	-	-	(69,001)	-	(69,001)
Total governmental activities	4,654,417	854,985	101,900	380,953	(3,316,579)	-	(3,316,579)
BUSINESS-TYPE ACTIVITIES							
Water services	2,201,253	2,147,223	-	-	-	(54,030)	(54,030)
Interest on long-term debt	35,614	-	-	-	-	(35,614)	(35,614)
Total business-type activities	2,236,867	2,147,223	-	-	-	(89,644)	(89,644)
Total primary government	<u>\$ 6,891,284</u>	<u>\$ 3,002,208</u>	<u>\$ 101,900</u>	<u>\$ 380,953</u>	(3,316,579)	(89,644)	(3,406,223)
GENERAL REVENUES							
Property taxes, interest, and liens					3,591,827	-	3,591,827
Interest and miscellaneous income					41,946	85,392	127,338
TRANSFERS					(4,265)	4,265	-
Total general revenues and transfers					<u>3,629,508</u>	<u>89,657</u>	<u>3,719,165</u>
Change in net position					312,929	13	312,942
NET POSITION, beginning of year					7,229,094	15,102,662	22,331,756
NET POSITION, end of year					<u>\$ 7,542,023</u>	<u>\$ 15,102,675</u>	<u>\$ 22,644,698</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

ASSETS

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 1,235,251	\$ 1,081,375	\$ 790,484	\$ 3,107,110
Receivables, net	266,673	-	-	266,673
Prepays	63,234	-	-	63,234
Total assets	<u>\$ 1,565,158</u>	<u>\$ 1,081,375</u>	<u>\$ 790,484</u>	<u>\$ 3,437,017</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES				
Accounts payable	\$ 63,122	\$ 45,495	\$ 74,100	\$ 182,717
Accrued expenses	79,397	-	-	79,397
Unearned revenue	-	-	8,002	8,002
Total liabilities	<u>142,519</u>	<u>45,495</u>	<u>82,102</u>	<u>270,116</u>
DEFERRED INFLOWS OF RESOURCES				
Revenue - unavailable	133,323	-	-	133,323
Total deferred inflows of resources	<u>133,323</u>	<u>-</u>	<u>-</u>	<u>133,323</u>
Total liabilities and deferred inflows of resources	<u>275,842</u>	<u>45,495</u>	<u>82,102</u>	<u>403,439</u>
FUND BALANCES				
Nonspendable	63,234	-	-	63,234
Restricted	-	-	31,472	31,472
Committed	-	1,035,880	676,910	1,712,790
Assigned to balance 2020-2021 budget	192,387	-	-	192,387
Unassigned	1,033,695	-	-	1,033,695
Total fund balances	<u>1,289,316</u>	<u>1,035,880</u>	<u>708,382</u>	<u>3,033,578</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,565,158</u>	<u>\$ 1,081,375</u>	<u>\$ 790,484</u>	<u>\$ 3,437,017</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2020**

Reconciliation of the Balance Sheet - Governmental Funds

to the Governmental Activities in the Statement of Net Position:

Total fund balances - governmental funds	\$ 3,033,578
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,293,495
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Other assets or deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred or not recorded in the funds.

Deferred outflows related to changes in pension assumptions.	355,291
Deferred outflows related to changes in projected pension investment earnings.	204,459
Deferred outflows related to changes in proportional share.	146,247
Deferred outflows related to changes in actuarial experience.	148,167
Deferred outflows related to pension contributions made subsequent to the measurement date.	121,553
Receivables outstanding beyond 60 days of fiscal year end.	133,323

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

Bonds payable	(3,573,571)
Interest payable on bonds	(31,015)
Compensated absences	(85,099)
Bond premium	(32,387)
Pension contribution payable	(104,006)
Deferred contribution - West Street	(340,001)
Deferred inflows related to projected pension investment earnings	(20,586)
Deferred inflows related to pension actuarial experience	(487,363)
Net pension liability	(1,220,062)

Net position of governmental activities	\$ 7,542,023
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The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	GENERAL FUND	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
General property taxes	\$ 3,610,298	\$ -	\$ -	\$ 3,610,298
Intergovernmental	58,346	267,619	-	325,965
Charges for services	637,515	-	264,389	901,904
Interest income	20,297	-	522	20,819
Other revenue	39,760	-	3,794	43,554
Total revenues	<u>4,366,216</u>	<u>267,619</u>	<u>268,705</u>	<u>4,902,540</u>
EXPENDITURES				
Current				
Administration and finance	540,594	-	-	540,594
Public safety	803,593	-	19,597	823,190
Building and utilities	201,708	-	169,169	370,877
Training	16,037	-	-	16,037
Ambulance operations	1,160,842	-	-	1,160,842
Insurance and benefits	787,604	-	-	787,604
Apparatus and equipment	142,249	-	-	142,249
Other expenditures	1,643	-	4,770	6,413
Capital outlay	-	2,975,625	-	2,975,625
Debt Service	287,239	-	-	287,239
Total expenditures	<u>3,941,509</u>	<u>2,975,625</u>	<u>193,536</u>	<u>7,110,670</u>
Excess (deficiency) of revenues over expenditures	<u>424,707</u>	<u>(2,708,006)</u>	<u>75,169</u>	<u>(2,208,130)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long term debt	-	3,000,000	-	3,000,000
Transfers in	94,000	319,470	-	413,470
Transfers out	(317,735)	-	(100,000)	(417,735)
	<u>(223,735)</u>	<u>3,319,470</u>	<u>(100,000)</u>	<u>2,995,735</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	200,972	611,464	(24,831)	787,605
FUND BALANCES, beginning of year	1,088,344	424,416	733,213	2,245,973
FUND BALANCES, end of year	<u>\$ 1,289,316</u>	<u>\$ 1,035,880</u>	<u>\$ 708,382</u>	<u>\$ 3,033,578</u>

The accompanying notes are an integral part of these financial statements

CROMWELL FIRE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$ 787,605
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital additions	2,924,335
Depreciation expense	(475,956)
(Proceeds from) repayment of noncurrent liabilities are revenues and expenditures in the governmental funds; the proceeds increase and the repayment reduces noncurrent liabilities in the statement of net position.	
	(3,296,372)
Revenues, deferred outflows of resources, and certain assets in the government-wide statements that do not provide financial resources are not reported in the funds.	
Net pension asset	(146,561)
Change in unavailable revenues	(44,265)
Deferred outflows related to changes in pension assumptions	25,929
Deferred outflows related to changes in projected pension investment earnings	66,712
Deferred outflows related to changes in proportionate share	103,693
Deferred outflows related to pension actuarial experience	129,601
Deferred outflows related to pension contributions made subsequent to the measurement date	16,780
West Street Complex contribution	113,334
Expenses and deferred inflows of resources in the government-wide statements that do not use current financial resources are not reported in the funds.	
Deferred inflows related to changes in projected pension investment earnings	13,252
Deferred inflows related to pension actuarial experience	94,842
	94,842
Change in net position of governmental activities	\$ 312,929

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2020**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>WATER DIVISION ENTERPRISE FUND</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,029,512
Receivables, net	1,388,065
Prepaid expenses	54,620
Inventory	50,450
Total current assets	<u>2,522,647</u>
NONCURRENT ASSETS	
Capital assets, non-depreciable	147,152
Capital assets, net of accumulated depreciation	15,239,946
Total noncurrent assets	<u>15,387,098</u>
Total assets	<u>17,909,745</u>
DEFERRED OUTFLOWS OF RESOURCES	
Water Street Complex contribution	340,001
Changes in pension assumptions	49,444
Changes in actuarial experience	35,158
Total deferred outflows of resources	<u>424,603</u>
Total assets and deferred outflows of resources	<u>\$ 18,334,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 95,833
Accrued expenses	21,878
Unearned revenue	323,488
Total current liabilities	<u>441,199</u>
NONCURRENT LIABILITIES	
Due within one year	651,426
Due in more than one year	2,076,068
Total noncurrent liabilities	<u>2,727,494</u>
Total liabilities	<u>3,168,693</u>
DEFERRED INFLOWS OF RESOURCES	
Changes in actuarial experience	62,980
Total deferred inflows of resources	<u>62,980</u>
NET POSITION	
Invested in capital assets, net of related debt	13,072,880
Unrestricted	2,029,795
Total net position	<u>15,102,675</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 18,334,348</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	WATER DIVISION ENTERPRISE FUND
OPERATING REVENUES	
Metered sales - general customers	\$ 1,917,046
Revenue from services and seasonal sales	224,666
Employee contributions - other	5,511
Total operating revenues	2,147,223
OPERATING EXPENSES	
Payroll expenses	577,135
Pumping and power	258,312
Purification	41,944
Transmission and distribution	51,806
General administration	223,805
Amortization	113,334
Depreciation	460,215
Maintenance	175,952
Employee benefits	298,750
Total operating expenses	2,201,253
Operating loss	(54,030)
NON-OPERATING REVENUE (EXPENSES)	
Interest income	85,392
Interest expense	(35,614)
Total non-operating revenue (expenses)	49,778
Loss before transfers	(4,252)
TRANSFERS	4,265
Change in net position	13
NET POSITION, beginning of year	15,102,662
NET POSITION, end of year	\$ 15,102,675

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>WATER DIVISION ENTERPRISE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers for services	\$ 2,154,261
Payments to vendors	(710,302)
Payments to employees for salaries and benefits	(848,436)
Net cash provided by operating activities	<u>595,523</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers from other funds	4,265
Principal collections on assessments	3,600
Capital asset purchases	(226,481)
Interest payments on long-term debt	(66,187)
Principal payments on long-term debt	(583,615)
Net cash used in capital and related financing activities	<u>(868,418)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on cash, assessments, and delinquent accounts	64,614
Net cash provided by investing activities	<u>64,614</u>
Net decrease in cash and cash equivalents	(208,281)
CASH AND CASH EQUIVALENTS, beginning of year	1,237,793
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,029,512</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	\$ (54,030)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	460,215
Amortization expense	113,334
Decrease in user fee receivables	7,038
Increase in prepaid expenses	(2,154)
Increase in inventory	(6,720)
Increase in deferred outflows - changes in pension assumptions	(22,684)
Increase in deferred outflows - changes in actuarial experience	(35,158)
Decrease in deferred outflows - changes in projected plan earnings	6,065
Increase in accounts payable	50,391
Increase in accrued expenses	3,661
Increase in compensated absences	7,045
Increase in net pension liability	89,414
Decrease in deferred inflows - changes in actuarial experience	(20,894)
Net cash provided by operating activities	<u>\$ 595,523</u>

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

	<u>PENSION TRUST FUND</u>	<u>AGENCY FUND</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 28,582
Investments	1,647,350	-
Total assets	<u>1,647,350</u>	<u>28,582</u>
 LIABILITIES		
Due to volunteers and others	<u>-</u>	<u>28,582</u>
Total current liabilities	<u>-</u>	<u>28,582</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	 <u><u>\$ 1,647,350</u></u>	 <u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements

CROMWELL FIRE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - PENSION TRUST FUND
JUNE 30, 2020

ADDITIONS

Contributions	\$	14,772
Investment income:		
Interest and dividends		32,775
Net increase in fair value of investments		27,881
Total investment income		60,656
Less investment expense		(11,882)
Net investment income		48,774
Total additions		63,546

DEDUCTIONS

Benefits		55,103
Administrative expenses		23,271
Total deductions		78,374
Net decrease		(14,828)

NET POSITION HELD IN TRUST FOR PENSION BENEFITS

Beginning of year		1,662,178
End of year	\$	1,647,350

The accompanying notes are an integral part of these financial statements

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

REPORTING ENTITY

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB. In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

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

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

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The following fund types are used by the District:

1) Governmental Funds:

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

- a) General Fund. This fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund.
- b) Special Revenue Funds. These funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specific purposes, excluding capital projects and debt service. The District currently maintains five special revenue funds, none of which is considered a major fund.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

1) Governmental Funds (*Continued*):

- c) Capital Projects Fund. This fund is used to account for the acquisition or construction of capital assets. This fund is considered a major fund for the year ended June 30, 2020.

2) Proprietary Funds:

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

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

3) Fiduciary Funds:

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

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

BASIS OF ACCOUNTING

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

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

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

CASH EQUIVALENTS

The District defines cash equivalents as liquid investments with an original maturity of three months or less. The District had cash equivalents totaling \$9,691 between all funds at June 30, 2020, which consisted of monies held in the State of Connecticut's Short Term Investment Fund.

CAPITAL ASSETS

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Based upon experience, management has established an allowance for doubtful accounts for certain delinquent property taxes and ambulance billing fees in its General Fund and governmental activities. In addition, an allowance for doubtful accounts has been established in the Water Division Enterprise Fund for delinquent water usage fees.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS (*Continued*)

No allowance has been established for this fund's assessments receivable as these are secured by real estate.

INVESTMENTS

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

Level 1: Quoted prices for identical investments in active markets

Level 2: Observable inputs other than quoted prices

Level 3: Unobservable inputs

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (*Continued*)

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

INVENTORY

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

COMPENSATED ABSENCES

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

Employees can carryforward all earned vacation time, which must be used by the end of the subsequent year. Non-exempt employees can only carry over one week of vacation time to the next calendar year. Employee's accrued sick time is vested after ten years of services. Upon retirement or death, an employee is entitled to 25% of his or her accrued sick time up to a maximum of 120 days. Annually in July, employees shall be paid in cash 30% of the accrued sick time that is in excess of the 120-day limit. Members of the Cromwell Professional Emergency Dispatchers Union are not eligible for the annual excess sick time payout. The balance of accrued compensated absences as of June 30, 2020 in the District's governmental and business-type activities was \$85,099 and \$59,158, respectively.

NET PENSION LIABILITY

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

LONG-TERM DEBT OBLIGATIONS

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

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

FUND EQUITY AND NET POSITION

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

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted Net Position – This category represents constraints placed on net position use which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

BUDGETING

A) Budget Basis

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

B) Budget Procedures

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

C) Budget Control

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

USE OF ESTIMATES

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 22, 2021, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2020, the following accounting pronouncements became effective and the District implemented such pronouncements, where applicable:

GASB Statement 90, Majority Equity Interests – and amendment of GASB Statements No. 14 and 61. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement delays the effective date of specifically referenced pronouncements.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Interest Rate Risk – *Continued*

that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases. With the exception of its Pension Trust Fund, the District generally does not invest in any long-term investment obligations.

At June 30, 2020, the District’s cash and cash equivalents, exclusive of its fiduciary funds were as follows:

	Carrying Amount
Deposit accounts	\$ 4,126,931
Connecticut Short Term Investment Fund	9,691
Total cash and cash equivalents	<u>\$ 4,136,622</u>

Concentration of Credit Risk – Custodial credit risk is the risk attributed to the magnitude of a government’s investments in a single issuer. The District does not have a concentration of credit risk policy. At June 30, 2020, the carrying amount of the District’s deposits with financial institutions (including fiduciary funds) was \$4,155,514 and the bank balance was \$4,243,824 of which \$500,000 was covered by federal depository insurance, \$374,382 was collateralized by debt securities held by the financial institution, and \$3,369,442 was uninsured and uncollateralized at June 30, 2020.

At June 30, 2020, the District had the following investments within the Pension Trust Fund:

Investment Type	S&P Credit Rating	Fair Value	Fair Value Measurements		
			Level 1	Level 2	Level 3
U.S. Government	AAA to N/A	\$ 330,992	\$ 330,992	\$ -	\$ -
Corporate bonds	AA+ to BB+	104,047	104,047	-	-
Common stock	N/A	1,033,277	1,033,277	-	-
Fixed income mutual funds	N/A	130,375	130,375	-	-
Money market funds	N/A	48,659	48,659	-	-
		<u>\$ 1,647,350</u>	<u>\$ 1,647,350</u>	<u>\$ -</u>	<u>\$ -</u>

Investment Type	Investment Maturities (Years)			
	N/A	Less than 1	1-10	More than 10
U.S. Government	\$ -	\$ -	\$ 237,189	\$ 93,803
Corporate bonds	-	-	86,233	17,814
Common stock	1,033,277	-	-	-
Fixed income mutual funds	130,375	-	-	-
Money market funds	48,659	-	-	-
	<u>\$ 1,212,311</u>	<u>\$ -</u>	<u>\$ 323,422</u>	<u>\$ 111,617</u>

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - PROPERTY TAXES

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

NOTE 4 - RECEIVABLES

At June 30, 2020, receivables consisted of the following:

	Fund Financials		Government-Wide Financials	
	General Fund	Water Division Enterprise Fund	Governmental Activities	Business-type Activities
Property taxes	\$ 57,649	\$ -	\$ 57,649	\$ -
Interest and liens	25,220	213,771	25,220	213,771
Intergovernmental	9,214	-	9,214	-
Service fees	159,883	842,852	159,883	842,852
Other	46,187	-	46,187	-
Special assessments	-	433,672	-	433,672
Receivables, gross	298,153	1,490,295	298,153	1,490,295
Allowance for doubtful accounts	(31,480)	(102,230)	(31,480)	(102,230)
Receivables, net	\$ 266,673	\$ 1,388,065	\$ 266,673	\$ 1,388,065

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

At June 30, 2020, the District's unearned revenues and deferred inflows of resources consisted of the following:

	Fund Financials		Government-Wide Financials	
	General Fund	Water Division Enterprise Fund	Governmental Activities	Business-type Activities
Current liabilities				
Unearned revenue	\$ -	\$ 323,488	\$ 8,002	\$ 323,488
Deferred inflows of resources				
Revenue - unavailable	133,323	-	-	-
	\$ 133,323	\$ 323,488	\$ 8,002	\$ 323,488

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 5 - CAPITAL ASSETS – GOVERNMENTAL ACTIVITIES

Changes in capital assets of governmental activities are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 305,000	\$ -	\$ -	\$ 305,000
Construction in progress	-	2,744,581	-	2,744,581
Total nondepreciable assets	305,000	2,744,581	-	3,049,581
Depreciable assets				
Building and improvements	7,127,247	63,680	-	7,190,927
Vehicles	3,803,185	34,976	-	3,838,161
Equipment	3,239,109	81,098	-	3,320,207
Total depreciable assets	14,169,541	179,754	-	14,349,295
Totals at historical cost	<u>\$ 14,474,541</u>	<u>\$ 2,924,335</u>	<u>\$ -</u>	<u>\$ 17,398,876</u>
Less accumulated depreciation				
Building and improvements	\$ 2,534,688	\$ 179,327	\$ -	\$ 2,714,015
Vehicles	2,489,679	151,205	-	2,640,884
Equipment	2,605,058	145,424	-	2,750,482
Total accumulated depreciation	7,629,425	475,956	-	8,105,381
Governmental activities capital assets, net	<u>\$ 6,845,116</u>	<u>\$ 2,448,379</u>	<u>\$ -</u>	<u>\$ 9,293,495</u>

Depreciation expense was charged to governmental functions as follows:

Administration and finance	\$ -
Public safety	475,956
Total depreciation expense	<u>\$ 475,956</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 6 - CAPITAL ASSETS – BUSINESS-TYPE ACTIVITIES

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

	Beginning Balance	Increases	Decreases	Ending Balance
Nondepreciable assets				
Land	\$ 147,152	\$ -	\$ -	\$ 147,152
Total nondepreciable assets	147,152	-	-	147,152
Depreciable assets				
Building and improvements	23,009,290	-	-	23,009,290
Vehicles	278,669	-	-	278,669
Equipment	1,777,258	226,481	-	2,003,739
Total depreciable assets	25,065,217	226,481	-	25,291,698
Totals at historical cost	<u>\$ 25,212,369</u>	<u>\$ 226,481</u>	<u>\$ -</u>	<u>\$ 25,438,850</u>
Less accumulated depreciation				
Building and improvements	\$ 8,097,732	\$ 385,215	\$ -	\$ 8,482,947
Vehicles	219,401	12,007	-	231,408
Equipment	1,274,404	62,993	-	1,337,397
Total accumulated depreciation	9,591,537	460,215	-	10,051,752
Business-type activities capital assets, net	<u>\$ 15,620,832</u>	<u>\$ (233,734)</u>	<u>\$ -</u>	<u>\$ 15,387,098</u>

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

Water Division Enterprise Fund \$ 460,215

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES

Noncurrent liabilities of the governmental activities for the year ended June 30, 2020 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bonds payable	\$ 801,428	\$ 3,000,000	\$ 227,857	\$ 3,573,571	\$ 487,857
Premium on bonds payable	46,793	-	14,406	32,387	-
	<u>848,221</u>	<u>3,000,000</u>	<u>242,263</u>	<u>3,605,958</u>	<u>487,857</u>
Net pension liability	690,701	529,361	-	1,220,062	-
Pension contribution payable	110,124	-	6,118	104,006	-
Accrued interest	6,989	24,026	-	31,015	31,015
Compensated absences	<u>93,731</u>	<u>19,335</u>	<u>27,967</u>	<u>85,099</u>	<u>66,792</u>
Total noncurrent liabilities	<u>\$ 1,749,766</u>	<u>\$ 3,572,722</u>	<u>\$ 276,348</u>	<u>\$ 5,046,140</u>	<u>\$ 585,664</u>

A schedule of bonds at June 30, 2020 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Original Amount	Ending Balance
West Street Complex	12/15/2005	12/15/2021	3.75-5.0	\$ 1,650,000	\$ 220,000
Series 2012A	10/4/2012	10/1/2022	2.25-4.0	1,175,000	353,571
2019 Bonds	8/29/2019	8/15/2029	2.5	3,000,000	3,000,000
					<u>\$ 3,573,571</u>

The following is a schedule of bond maturities:

Description	West Street Complex	Series 2012A	2019 Bond	Total
Principal Maturities				
June 30,				
2021	\$ 110,000	\$ 117,857	\$ 260,000	\$ 487,857
2022	110,000	117,857	275,000	502,857
2023	-	117,857	285,000	402,857
2024	-	-	290,000	290,000
2025	-	-	295,000	295,000
2026 and thereafter	-	-	1,595,000	1,595,000
Total	<u>\$ 220,000</u>	<u>\$ 353,571</u>	<u>\$ 3,000,000</u>	<u>\$ 3,573,571</u>
Due within one year	\$ 110,000	\$ 117,857	\$ 260,000	\$ 487,857
Due in more than one year	110,000	235,714	2,740,000	3,085,714
	<u>\$ 220,000</u>	<u>\$ 353,571</u>	<u>\$ 3,000,000</u>	<u>\$ 3,573,571</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

Description	<u>West Street Complex</u>	<u>Series 2012A</u>	<u>Series 2012A</u>	<u>Total</u>
Interest Maturities				
June 30,				
2021	\$ 8,250	\$ 8,397	\$ 71,750	\$ 88,397
2022	2,750	5,304	65,063	73,117
2023	-	1,768	58,063	59,831
2024	-	-	50,875	50,875
2025			43,563	43,563
2026 and thereafter	-	-	136,144	136,144
Total	<u>\$ 11,000</u>	<u>\$ 15,469</u>	<u>\$ 425,458</u>	<u>\$ 451,927</u>
Due within one year	\$ 8,250	\$ 8,397	\$ 71,750	\$ 88,397
Due in more than one year	2,750	7,072	353,708	363,530
	<u>\$ 11,000</u>	<u>\$ 15,469</u>	<u>\$ 425,458</u>	<u>\$ 451,927</u>

The above amounts represent general obligations of the District and are expected to be paid from future taxation. Total interest incurred for governmental activities was \$69,001 for the year ended June 30, 2020

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

	<u>Total Debt Limitation</u>	<u>Statutory Indebtedness</u>	<u>Debt Limitation in Excess of Outstanding and Authorized Debt</u>
General Purpose	\$ 106,041,335	\$ 12,902,540	\$ 93,138,795
Schools	212,082,669	5,156,031	206,926,638
Sewers	176,735,558	6,940,000	169,795,558
Urban Renewal	153,170,817	-	153,170,817
Pension deficit	141,388,446	-	141,388,446

In accordance with Connecticut General Statutes (CGS), municipalities and their coterminous entities may not incur indebtedness from the issuance of bonds that will cause aggregate indebtedness to be exceeded by class as outlined above, and in no case shall total indebtedness exceed seven times the base, which equals \$329,906,374 at June 30, 2020.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 7 - NONCURRENT LIABILITIES – GOVERNMENTAL ACTIVITIES (Continued)

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

NOTE 8 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES

Noncurrent liabilities of the business-type activities for the year ended June 30, 2020 consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 2,763,571	\$ -	\$ 577,144	\$ 2,186,427	\$ 577,143
Premium on bonds payable	88,340	-	28,097	60,243	28,095
	2,851,911	-	605,241	2,246,670	605,238
Notes from direct borrowings and direct placements:					
DWSRF Project Loan	134,264	-	6,473	127,791	6,604
Net pension liability	204,481	89,414	-	293,895	-
Compensated absences	52,091	7,941	894	59,138	39,584
Total noncurrent liabilities	<u>\$ 3,242,747</u>	<u>\$ 97,355</u>	<u>\$ 612,608</u>	<u>\$ 2,727,494</u>	<u>\$ 651,426</u>

A schedule of bonds and notes at June 30, 2020 is presented below:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Original Amount	Ending Balance
Water Main Project	12/15/2005	12/15/2021	3.75-5.0	\$ 2,890,000	\$ 390,000
Series 2012A	10/4/2012	10/1/2022	2.25-4.0	2,115,000	636,427
Series 2016	10/18/2016	9/1/2026	1.55	1,500,000	1,160,000
DWSRF Project Loan	1/26/2017	12/31/2036	2.0	151,299	127,791
					<u>\$2,314,218</u>

Total interest incurred for business-type activities was \$35,614 for the year ended June 30, 2020.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 8 - NONCURRENT LIABILITIES – BUSINESS-TYPE ACTIVITIES (Continued)

The following is a schedule of bond and note maturities:

Description	Drinking Water State Revolving Loan Fund	Series 2016	Water Main Project	Series 2012A	Total
Principal Maturities					
<u>June 30,</u>					
2021	\$ 6,604	\$ 170,000	\$ 195,000	\$ 212,143	\$ 583,747
2022	6,737	165,000	195,000	212,143	578,880
2023	6,873	165,000	-	212,141	384,014
2024	7,012	165,000	-	-	172,012
2025	7,153	165,000	-	-	172,153
2026 and thereafter	93,412	330,000	-	-	423,412
Total	<u>\$ 127,791</u>	<u>\$ 1,160,000</u>	<u>\$ 390,000</u>	<u>\$ 636,427</u>	<u>\$ 2,314,218</u>
Due within one year	\$ 6,604	\$ 170,000	\$ 195,000	\$ 212,143	\$ 583,747
Due in more than one year	121,187	990,000	195,000	424,284	1,730,471
	<u>\$ 127,791</u>	<u>\$ 1,160,000</u>	<u>\$ 390,000</u>	<u>\$ 636,427</u>	<u>\$ 2,314,218</u>
Interest Maturities					
<u>June 30,</u>					
2021	\$ 2,495	\$ 16,663	14,625	15,115	\$ 48,898
2022	2,362	14,066	4,875	9,546	30,849
2023	2,226	11,509	-	3,182	16,917
2024	2,088	8,951	-	-	11,039
2025	1,802	6,394	-	-	8,196
2026 and thereafter	17,066	5,116	-	-	22,182
Total	<u>\$ 28,039</u>	<u>\$ 62,699</u>	<u>\$ 19,500</u>	<u>\$ 27,843</u>	<u>\$ 138,081</u>
Due within one year	\$ 2,495	\$ 16,663	\$ 14,625	\$ 15,115	\$ 48,898
Due in more than one year	25,544	46,036	4,875	12,728	89,183
	<u>\$ 28,039</u>	<u>\$ 62,699</u>	<u>\$ 19,500</u>	<u>\$ 27,843</u>	<u>\$ 138,081</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 9 - FUND BALANCE

At June 30, 2020, fund balances reported on the fund financial statements consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>
General Fund:					
Prepaid expenditures	\$ 63,234	\$ -	\$ -	\$ -	\$ -
To balance 2020-2021 Budget	-	-	-	192,387	-
Remaining fund balance	-	-	-	-	1,033,695
Capital Projects Fund:					
For capital outlay	-	-	1,035,880	-	-
Nonmajor Governmental Funds:					
Building and utilities	-	-	547,961	-	-
Insurance and benefits	-	-	64,806	-	-
Public safety	-	31,472	64,143	-	-
Total fund balances	<u>\$ 63,234</u>	<u>\$ 31,472</u>	<u>\$ 1,712,790</u>	<u>\$ 192,387</u>	<u>\$ 1,033,695</u>

NOTE 10 - INTERFUND BALANCES AND TRANSFERS

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

As of June 30, 2020, the District had no interfund balances.

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 10 - INTERFUND BALANCES AND TRANSFERS (Continued)

The District made the following transfers during the year ended June 30, 2020:

	Transfers In	Transfers Out
Fund Financial Statements		
Major funds:		
General Fund	\$ 94,000	\$ 317,735
Capital Projects Fund	319,470	-
Proprietary fund - Water Division Enterprise Fund	4,265	-
Nonmajor funds:		
Public Safety Tower	-	100,000
Total transfers - Fund Financial Statements	\$ 417,735	\$ 417,735
Government-wide Financial Statements		
Governmental Activities	\$ -	\$ 4,265
Business-type Activities	4,265	-
Total transfers - Government-wide Financial Statements	\$ 4,265	\$ 4,265

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

NOTE 11 - PENSION PLANS

The District participates in three defined benefit pension plans:

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

VOLUNTEER PENSION PLAN

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

At June 30, 2020, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	8
Active plan members	85
	116
	116

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

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

The District establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2020, the actuarially determined contribution was \$17,485 and the actual contribution was \$14,772.

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

The following was the target asset allocation as of June 30, 2020:

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

For the year ended June 30, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expenses was 1.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net pension liability (asset) of the District at June 30, 2020 were as follows:

Total pension liability	\$ 1,704,403
Plan fiduciary net position	(1,647,350)
Net pension liability (asset)	\$ 57,053

Plan fiduciary net position as a percentage of the total pension liability	96.65%
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The total pension liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS *(Continued)*

VOLUNTEER PENSION PLAN *(Continued)*

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's targeted asset allocation as of June 30, 2020 (see the earlier discussion of the plan's investment policy) are summarized as follows:

Asset Class	Long-Term Expected Rate of Return
Domestic equity	7.06%
International equity	7.48%
Fixed income	3.56%
Short term investments	2.25%
Cash	0.00%

The discount rate used to measure the total pension liability is 6.50%. For the fiscal year ended June 30, 2020, the projection of cash flows used to determine the discount rate resulted that the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Since no changes have been made to the funding policy, benefit terms, or actuarial cost method, and contributions are historically in excess of the actuarially determine amount, it was considered by the actuaries to be reasonable to conclude that the plan's fiduciary net position is sufficient to pay all projected benefits for the fiscal year ended June 30, 2020. The long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for 2020.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

The following is a schedule of the changes in the net pension liability for the year ended June 30, 2020:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances, June 30, 2019	\$ 1,515,625	\$ 1,662,186	\$ (146,561)
2019-2020 changes:			
Service cost	-	-	-
Interest on total pension liability	96,701	-	96,701
Differences between expected and actual experience	147,917	-	147,917
Employer contributions	-	14,772	(14,772)
Net investment income	-	38,405	(38,405)
Benefit payments, including employee contribution refunds	(55,840)	(55,840)	-
Administrative expenses	-	(12,173)	12,173
Net Changes	188,778	(14,836)	203,614
Balances, June 30, 2020	\$ 1,704,403	\$ 1,647,350	\$ 57,053

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

	1 % Decrease (5.50%)	Current Discount Rate (6.50%)	1 % Increase (7.50%)
Net Pension Liability (Asset)	\$ 300,692	\$ 57,053	\$ (139,837)

For the year ended June 30, 2020, the District recognized pension expense of \$(8,039). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to this pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 135,591	\$ 265,327
Changes of assumptions	35,529	-
Net difference between projected and actual earnings on pension plan investments	56,845	20,586
Total	\$ 227,965	\$ 285,913

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

VOLUNTEER PENSION PLAN (Continued)

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

June 30,	
2021	\$ (20,835)
2022	(14,868)
2023	(5,775)
2024	10,985
2025	(6,472)
Thereafter	(20,983)
Total	\$ (57,948)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM

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

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 65 or 5 years of continuous service, whichever is later. Early retirement is available at age 55 plus 15 years of service. Normal retirement benefit formulas apply, subject to actuarial reduction.

Covered employees are required to contribute 2.5% of earnings to the plan. Each participating organization is required to contribute at an actuarially determined amount. The District's required rate of contribution as a percentage of covered payroll was 7.50%. The contribution requirements for the plan are established and may be amended by the Town of Cromwell.

At June 30, 2020, the District reported the following pension liabilities in its governmental and business-type activities for its proportionate share of the net pension liability:

	Governmental Activities	Business-Type Activities
Total pension liability - proportionate share	\$ 1,413,586	\$ 1,915,684
Plan fiduciary net position - proportionate share	(1,275,300)	(1,621,789)
Net pension liability - proportionate share	\$ 138,286	\$ 293,895
 Plan fiduciary net position as a percentage of the total pension liability	 90.22%	 84.66%

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM (Continued)

The net pension liability was measured at June 30, 2020, and the total pension liability was determined by an actuarial valuation date of July 1, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2020, the District's proportion for its Governmental Activities and Business-Type Activities was 2.91% and 6.18%, respectively.

For the year ended June 30, 2020, the District recognized pension expense for this plan in the amount of \$54,327 and \$50,741 in its governmental and business-type activities, respectively. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources in its governmental and business-type activities as follows:

	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,900	\$ 152,560	\$ 91,131	\$ 55,973
Changes of assumptions	36,654	-	49,444	-
Net difference between projected and actual earnings on pension plan investments	100,336	-	-	62,980
Total	<u>\$ 150,890</u>	<u>\$ 152,560</u>	<u>\$ 140,575</u>	<u>\$ 118,953</u>

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

June 30,	Governmental Activities	Business-Type Activities
2021	\$ (6,878)	\$ (7,078)
2022	(3,303)	(2,240)
2023	5,615	3,468
2024	7,539	13,701
2025	(1,247)	13,771
Thereafter	(3,396)	-
Total	<u>\$ (1,670)</u>	<u>\$ 21,622</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM (Continued)

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

Actuarial method	Entry Age Normal
Amortization method	Level Percentage
Asset value method	5 year smoothing
Inflation	2.60% (was 2.50%)
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Salary increases	3.60% (was 3.50%)

Mortality rates were based on Pub – 2010 Public Retirement Plans amount-weighted mortality tables (with separate tables for general employees, public safety and teachers), projected to the valuation date with scale MP-2019.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
US large cap core	30%	5.01%
US mid cap core	11%	6.62%
US small cap core	6%	7.70%
International equity	11%	5.11%
International emerging market equity	2%	9.78%
Real estate investment trusts	5%	4.09%
Fixed income	35%	1.29%
	<u>100%</u>	

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

TOWN OF CROMWELL EMPLOYEE RETIREMENT SYSTEM (Continued)

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

	Governmental Activities		
	Current		
	1 % Decrease (5.90%)	Discount Rate (6.90%)	1 % Increase (7.90%)
District's proportionate share of net pension liability	\$ 327,886	\$ 138,286	\$ (20,628)

	Business-Type Activities		
	Current		
	1 % Decrease (5.90%)	Discount Rate (6.90%)	1 % Increase (7.90%)
District's proportionate share of net pension liability	\$ 500,908	\$ 293,895	\$ 117,495

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

The plan has 4 sub plans: general employees with social security; general employees without social security; policemen and firemen with social security; and policemen and firemen without social security.

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS *(Continued)*

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

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

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

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

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

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

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

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

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

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

For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2 ¼ % of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

At June 30, 2020, the District reported a liability of \$1,024,724 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The District's proportion of the net pension liability was based upon an allocation percentage calculated to six decimal places derived from the District's payroll as compared to the total. The District's allocation percentage for the reporting period ended June 30, 2020 was 1.406356%.

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

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

Mortality rates for fire employees are based on the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017.

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

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

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

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the year ended June 30, 2019, the District recognized pension expense of \$358,816. At June 30, 2020, the District reported deferred outflows and inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 283,108	\$ -
District contributions after the measurement date	121,553	-
Net difference between projected and actual earnings on pension plan investments	47,278	-
Change in proportional share	146,247	-
Differences between expected and actual experience	12,576	-
Net difference between projected and actual experience		83,376
Total	<u>\$ 610,762</u>	<u>\$ 83,376</u>

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 11 - PENSION PLANS (Continued)

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

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

June 30,	
2021	\$ 153,021
2022	101,118
2023	120,791
2024	30,903
2025	-
Thereafter	-
Total	\$ 405,833

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

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
District's proportionate share of net pension liability	\$ 1,536,883	\$ 1,024,724	\$ 596,823

NOTE 12- RISK MANAGEMENT

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

**CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 13 - BUDGET MODIFICATIONS

ANNUAL BUDGET

During the fiscal year ended June 30, 2020, the District made an additional appropriation of \$85,000 to transfer funds to the Capital Projects Fund for costs associated with the replacement of the boiler and related equipment at the Coles Road Firehouse.

The District also made the following budget transfers to the 2019-2020 annual budget:

<u>Budget Line</u>	<u>Amount</u>
Expenditures:	
Administrative and finance	
Computer operations	(1,735)
Public safety	
Office of the fire chief	(6,000)
EMS/Fire operations	6,000
Other financing uses:	
Transfers out	1,735

NOTE 14 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2020, the following line items were expended in excess of their budgeted appropriations by the indicated amounts:

<u>Budget Line</u>	<u>Amount</u>
Expenditures:	
Administrative and finance	
Computer operations	1,269
Public safety	
Office of the fire chief	1,998
EMS/Fire operations	93,119
Fire marshall	3,412
Other	
Buildings and grounds	29,932
Apparatus and equipment	18,018

Total expenditures were less than total appropriations for the year ended June 30, 2020.

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 - WEST STREET COMPLEX – WATER DIVISION CONTRIBUTION

The West Street Complex project involved the demolition of the existing fire station at 1 West Street in Cromwell, Connecticut, and the subsequent construction at that location, of a facility to house district offices for the Water Division, Fire Department, and the Fire Marshal, as well as a three-bay fire station. The appropriation for this project was \$3,400,000 which was funded with the issuance of bonds and an appropriation of \$1,700,000 from the District's Water Division Enterprise Fund. In the Statement of Net Position, the West Street Complex is reported as a capital asset of the District's governmental activities. The Water Division Enterprise Fund's contribution is amortized over the life of the bonds and is currently reported as a deferred outflow of resources in the business-type activities and a corresponding deferred inflow of resources in the governmental activities. Amortization for the year ended June 30, 2020 was \$113,334 and the unamortized balance as of June 30, 2020 was \$340,001.

NOTE 16 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020 that have effective dates that may impact future financial presentations.

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

GASB Statement 84, Fiduciary Activities. The purpose of the statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes. The provisions of this statement have been extended by GASB Statement 95 and are now effective for reporting periods beginning after December 15, 2019 (the District's year ending June 30, 2021).

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2021 (the District's year ending June 30, 2022).

GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for periods beginning after December 15, 2020 (the District's year ending June 30, 2022).

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

CROMWELL FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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

GASB Statement 92, Omnibus. This statement enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing various practice issues identified in the implementation of certain pronouncements. Certain requirements of this statement are effective upon issuance while other requirements are effective for reporting periods beginning after June 15, 2021 (the District's year ending June 30, 2022).

GASB Statement 93, Replacement of Interbank Offered Rates. This statement addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate), the most prevalent being the LIBOR (London Interbank Offered Rate). Provisions of the statement are effective for reporting periods beginning after June 15, 2021 and reporting periods ending after December 31, 2021 (the District's years ending June 30, 2022 and 2023).

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

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

GASB Statement 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements 14 and 84, and a supersession of GASB Statement 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for certain paragraphs of this statement are effective immediately, while the remainder of the pronouncement is effective for years beginning after June 15, 2021 (the District's year ending June 30, 2022).

CROMWELL FIRE DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Property taxes-current year	\$ 3,587,404	\$ -	\$ 3,587,404	\$ 3,583,649	\$ (3,755)
Property tax-prior year	10,000	-	10,000	5,523	(4,477)
Interest on property taxes	6,000	-	6,000	21,126	15,126
EMS billing	650,000	-	650,000	637,515	(12,485)
State grants	1,500	-	1,500	58,346	56,846
FD training classes	500	-	500	-	(500)
Interest income	5,000	-	5,000	20,297	15,297
Revenue fire marshal's office	500	-	500	-	(500)
Miscellaneous revenue	14,000	-	14,000	4,622	(9,378)
Employee insurance contribution	26,400	-	26,400	35,138	8,738
Total revenues	4,301,304	-	4,301,304	4,366,216	64,912
EXPENDITURES					
Administrative and finance:					
Administrative salaries and operations	460,287	-	460,287	381,876	78,411
Computer operations	91,015	(1,735)	89,280	90,549	(1,269)
Tax collector	60,000	-	60,000	57,665	2,335
Commission expense	14,000	-	14,000	9,727	4,273
Total administrative and finance	625,302	(1,735)	623,567	539,817	83,750
Public safety:					
Office of the fire chief	194,500	(6,000)	188,500	190,498	(1,998)
EMS/Fire operations	1,062,500	6,000	1,068,500	1,161,619	(93,119)
Signals and alarms	12,900	-	12,900	5,698	7,202
Fire marshal	184,200	-	184,200	187,612	(3,412)
Communications center	433,700	-	433,700	421,428	12,272
Total public safety	1,887,800	-	1,887,800	1,966,855	(79,055)
Other:					
Buildings and grounds	171,776	-	171,776	201,708	(29,932)
Volunteer training	17,500	-	17,500	16,037	1,463
Insurance and benefits	868,753	-	868,753	787,604	81,149
Apparatus and equipment	124,231	-	124,231	142,249	(18,018)
Debt services	580,656	-	580,656	287,239	293,417
Total other	1,762,916	-	1,762,916	1,434,837	328,079
Total expenditures	4,276,018	(1,735)	4,274,283	3,941,509	332,774
Other financing sources (uses):					
Transfers in	94,000	-	94,000	94,000	-
Transfers out	(231,000)	(86,735)	(317,735)	(317,735)	-
Total other financing sources (uses)	(137,000)	(86,735)	(223,735)	(223,735)	-
Excess (deficiency) of revenues over expenditures - GAAP Basis	\$ (111,714)	\$ (85,000)	\$ (196,714)	\$ 200,972	\$ 397,686
FUND BALANCE, beginning of year				1,088,344	
FUND BALANCE, end of year				<u>\$ 1,289,316</u>	

See independent auditors' report

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

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

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

See independent auditors' report

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 94,314	\$ 89,898	\$ 99,400	\$ 98,108	\$ 52,590	\$ 48,699	\$ 60,438	\$ 57,367	\$ 41,804	\$ 17,485
Contributions in relation to the actuarially determined contribution	94,314	89,898	100,000	100,000	53,000	49,000	60,438	57,367	41,804	14,772
Contribution deficiency (excess)	\$ -	\$ -	\$ (600)	\$ (1,892)	\$ (410)	\$ (301)	\$ -	\$ -	\$ -	\$ 2,713
Covered-employee payroll	N/A	N/A	820,909	866,144	731,346	1,025,705	777,457	918,185	918,185	918,185
Contributions as a percentage of covered-employee payroll			12.18%	11.55%	7.25%	4.78%	7.77%	6.25%	4.55%	1.61%

Notes to Schedule

Valuation date: June 30, 2020
Measurement Date: June 30, 2020
Actuarially determined contribution rates are calculated as of the first day of the fiscal year and rolled forward assuming mid-year payment.

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

See independent auditors' report

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Annual money-weighted rate of return, net of investment expense	15.95%	5.53%	1.42%	7.31%	8.08%	6.02%	1.60%

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

See independent auditors' report

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

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

Notes to Schedule

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

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

See independent auditors' report

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 50,565	\$ 62,870	\$ 58,976	\$ 56,307	\$ 70,993	\$ 71,202	\$ 84,247	\$ 100,050	\$ 104,773	\$ 121,553
Contributions in relation to the actuarially determined contribution	50,565	62,870	58,976	56,307	70,993	71,202	84,247	100,050	104,773	121,553
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	332,727	341,202	317,173	331,673	377,153	331,713	414,911	414,911	553,793	624,626
Contributions as a percentage of covered-employee payroll	15.20%	18.43%	18.59%	16.98%	18.82%	21.46%	20.30%	24.11%	18.92%	19.46%

Notes to Schedule

Valuation date: June 30, 2019
Measurement Date: June 30, 2019
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

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

See independent auditors' report

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

	Governmental Activities						Business-Type Activities					
	2015	2016	2017	2018	2019	2020	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	4.26%	4.16%	1.89%	0.20%	0.95%	2.91%	6.34%	6.54%	8.43%	7.36%	7.34%	6.18%
District's proportionate share of the net pension liability	\$ 97,709	\$ 163,407	\$ 44,185	\$ 6,087	\$ 26,479	\$ 138,286	\$ 145,422	\$ 256,571	\$ 196,951	\$ 219,159	\$ 204,481	\$ 293,895
District's covered-employee payroll	\$ 746,809	\$ 750,857	\$ 710,871	\$ 693,947	\$ 617,233	\$ 626,701	\$ 406,391	\$ 395,366	\$ 464,424	\$ 402,450	\$ 391,825	\$ 374,450
District's proportionate share of the net pension liability as a percentage of its covered payroll	13.08%	21.76%	6.22%	0.88%	4.29%	22.07%	35.78%	64.89%	42.41%	54.46%	52.19%	78.49%
Plan fiduciary net position as a percentage of the total pension liability	89.81%	84.94%	96.01%	99.48%	97.88%	90.22%	90.14%	83.59%	87.55%	86.74%	88.17%	84.66%

Notes to Schedule

Actuarial method	Entry Age Normal
Amortization method	Level Percentage
Asset value method	5 year smoothing
Inflation	2.60% (was 2.50%)
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Salary increases	3.60% (was 3.50%)

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

See independent auditors' report

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 70,812	\$ 76,116	\$ 79,192	\$ 78,257	\$ 77,886	\$ 79,176	\$ 80,452	\$ 74,990	\$ 75,578	\$ 76,363
Contributions in relation to the actuarially determined contribution	70,812	76,116	79,192	78,257	77,886	79,176	80,452	74,990	75,578	76,363
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	999,204	975,846	1,034,975	1,068,982	1,159,678	1,146,223	1,175,295	1,096,397	1,009,058	1,001,151
Contributions as a percentage of covered-employee payroll	7.09%	7.80%	7.65%	7.32%	6.72%	6.91%	6.85%	6.84%	7.49%	7.63%

Notes to Schedule

Valuation date: July 1, 2019
Measurement Date: June 30, 2020
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Actuarial method: Entry Age Normal
Amortization method: Level Percentage
Asset value method: 5 year smoothing
Inflation: 2.60% (was 2.50%)
Investment rate of return: 6.90%, net of pension plan investment expense, including inflation
Salary increases: 3.60% (was 3.50%)
Mortality rates: Pub - 2010 Public Retirement Plans amount - weighted mortality tables (with separate tables for general employees, public safety and teachers), projected to the valuation date with scale MP-2019

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

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**CROMWELL FIRE DISTRICT
REPORT OF THE PROPERTY TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2020**

Grand List	Taxes	Current Year	Lawful Corrections		Transfer to Suspense	Net Taxes Collectible	Collections during the Year			Refunds	Taxes
	Receivable July 1, 2019		Additions	Deductions			Taxes	Interest & Liens	Total		Receivable June 30, 2020
2018	\$ -	\$ 3,667,632	\$ 8,969	\$ (26,315)	\$ -	\$ 3,650,286	\$ 3,617,349	\$ 14,026	\$ 3,631,375	\$ 4	\$ 32,937
2017	35,419	-	523	(22,855)	-	13,087	3,297	4,649	7,946	6,926	9,790
2016	7,688	-	-	(5,754)	-	1,934	(843)	1,939	1,096	48	2,777
2015	3,768	-	-	-	-	3,768	1,647	1,024	2,671	-	2,121
2014	5,227	-	-	-	-	5,227	1,004	560	1,564	-	4,223
2013	2,996	-	-	-	-	2,996	197	234	431	-	2,799
2012	1,850	-	-	(1)	-	1,849	19	30	49	-	1,830
2011	1,089	-	-	-	-	1,089	24	14	38	-	1,065
Prior	107	-	-	-	-	107	-	-	-	-	107
	<u>\$ 58,144</u>	<u>\$ 3,667,632</u>	<u>\$ 9,492</u>	<u>\$ (54,925)</u>	<u>\$ -</u>	<u>\$ 3,680,343</u>	<u>\$ 3,622,694</u>	<u>\$ 22,476</u>	<u>\$ 3,645,170</u>	<u>\$ 6,978</u>	<u>\$ 57,649</u>

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**CROMWELL FIRE DISTRICT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES SECTION 7-374(B)
FOR THE YEAR ENDED JUNE 30, 2020**

Total Tax Collections (including interest and
lien fees) Received by Treasurer for the Year
Ended June 30, 2020 \$ 3,645,170

<u>Debt Limitation</u>	<u>General Purpose</u>	<u>School</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
2 1/4 times base	\$ 8,201,633	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	16,403,265	-	-	-
3 3/4 times base	-	-	13,669,388	-	-
3 1/4 times base	-	-	-	11,846,803	-
3 times base	-	-	-	-	10,935,510
Total Debt Limitation	<u>8,201,633</u>	<u>16,403,265</u>	<u>13,669,388</u>	<u>11,846,803</u>	<u>10,935,510</u>
<u>Indebtedness</u>					
Authorized, outstanding Bonds payable	<u>3,573,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Indebtedness	<u>3,573,571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Debt Limitation in excess of outstanding and authorized debt</i>	<u>\$ 4,628,062</u>	<u>\$ 16,403,265</u>	<u>\$ 13,669,388</u>	<u>\$ 11,846,803</u>	<u>\$ 10,935,510</u>

Note: In no event shall total indebtedness exceed seven times annual receipts from taxation
(\$ 25,516,190)

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**CROMWELL FIRE DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

ASSETS

	SPECIAL REVENUE					
	PUBLIC SAFETY COMMUNICATIONS TOWER FUND	FIRE DEPARTMENT FUND	SICK BENEFITS FUND	SCHOLARSHIP & MEMORIAL FUND	NETO STUDENT BENEFITS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
CURRENT ASSETS						
Cash and cash equivalents	\$ 613,257	\$ 80,949	\$ 64,806	\$ 25,926	\$ 5,546	\$ 790,484
Total current assets	\$ 613,257	\$ 80,949	\$ 64,806	\$ 25,926	\$ 5,546	\$ 790,484

LIABILITIES AND FUND BALANCES

CURRENT LIABILITIES						
Accounts payable	\$ 57,294	\$ 16,806	\$ -	\$ -	\$ -	\$ 74,100
Unearned revenues	8,002	-	-	-	-	8,002
Total current liabilities	65,296	16,806	-	-	-	82,102
FUND BALANCES						
Restricted	-	-	-	25,926	5,546	31,472
Committed	547,961	64,143	64,806	-	-	676,910
Total fund balances	547,961	64,143	64,806	25,926	5,546	708,382
Total liabilities and fund balances	\$ 613,257	\$ 80,949	\$ 64,806	\$ 25,926	\$ 5,546	\$ 790,484

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**CROMWELL FIRE DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	SPECIAL REVENUE					
	PUBLIC SAFETY COMMUNICATIONS TOWER FUND	FIRE DEPARTMENT FUND	SICK BENEFITS FUND	SCHOLARSHIP & MEMORIAL FUND	NETO STUDENT BENEFITS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES						
Charges for services	\$ 264,389	\$ -	\$ -	\$ -	\$ -	\$ 264,389
Interest income	-	267	179	76	-	522
Other revenue	-	3,394	-	400	-	3,794
Total revenues	<u>264,389</u>	<u>3,661</u>	<u>179</u>	<u>476</u>	<u>-</u>	<u>268,705</u>
EXPENDITURES						
Current						
Public safety	-	19,597	-	-	-	19,597
Building and utilities	169,169	-	-	-	-	169,169
Other expenditures	2,770	-	-	2,000	-	4,770
Total expenditures	<u>171,939</u>	<u>19,597</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>193,536</u>
Excess (deficiency) of revenues over expenditures	92,450	(15,936)	179	(1,524)	-	75,169
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	(100,000)	-	-	-	-	(100,000)
	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(7,550)	(15,936)	179	(1,524)	-	(24,831)
FUND BALANCES, beginning of year	555,511	80,079	64,627	27,450	5,546	733,213
FUND BALANCES, end of year	<u>\$ 547,961</u>	<u>\$ 64,143</u>	<u>\$ 64,806</u>	<u>\$ 25,926</u>	<u>\$ 5,546</u>	<u>\$ 708,382</u>

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**CROMWELL FIRE DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - VOLUNTEER ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2020**

	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
ASSETS				
Cash and cash equivalents	\$ 25,383	\$ 11,432	\$ 8,233	\$ 28,582
 LIABILITIES				
Due to Volunteers and others	\$ 25,383	\$ 11,432	\$ 8,233	\$ 28,582

See independent auditors' report

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Cromwell Fire District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut

February 22, 2021