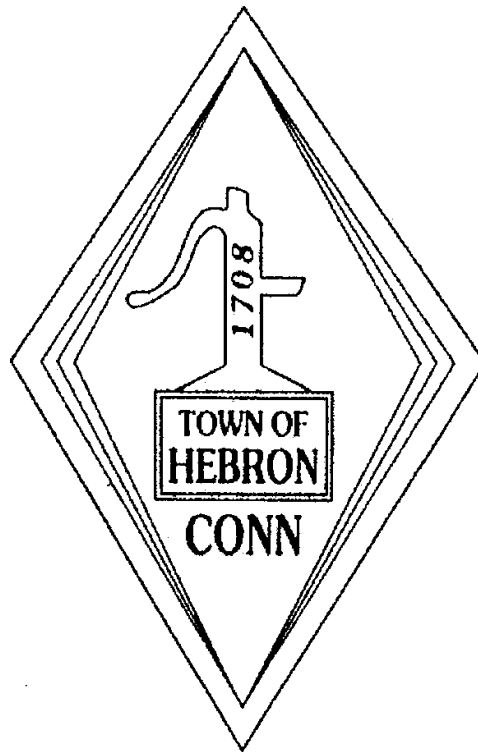


TOWN OF HEBRON, CONNECTICUT

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**



FISCAL YEAR ENDED JUNE 30, 2021

This page is intentionally left blank.

**TOWN OF HEBRON, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 JUNE 30, 2021**

Introductory Section		Page
	List of Principal Officials	i
	Organizational Chart	ii
	Letter of Transmittal	iii-viii
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-10
Exhibit	Basic Financial Statements	
	Government-Wide Financial Statements:	
I	Statement of Net Position	11
II	Statement of Activities	12
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15-16
	Notes to the Financial Statements	17-44
	Required Supplementary Information	
	General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources and Expenditures - Budget and Actual	45-46
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual	47-49
	Pension Plans:	
RSI-3	Schedule of the Town's Proportionate Share of the Net Pension Liability - Teachers Retirement Plan	50
	OPEB Plans:	
RSI-4	Schedule of Changes in Total OPEB Liability and Related Ratios	51
RSI-5	Schedule of the Town's Proportionate Share of the Net OPEB Liability - Teachers Retirement Plan	52
	Supplemental, Combining and Individual Fund Statements and Schedules	
	General Fund:	
A-1	Report of Tax Collector	53
	Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet - Nonmajor Governmental Funds	54-56
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57-59

Table	Statistical Section	Page
	Financial Trends:	
1	Net Position by Component	60
2	Changes in Net Position	61
3	Fund Balances, Governmental Funds	62
4	Changes in Fund Balances, Governmental Funds	63
	Revenue Capacity:	
5	Assessed Value and Estimated Actual Value of Taxable Property	64
6	Tax Revenue by Source	65
7	Principal Property Taxpayers	66
8	Property Tax Levies and Collections	67
	Debt Capacity:	
9	Ratios of Net General Bonded Debt Outstanding by Type	68
10	Direct and Overlapping Governmental Activities Debt	69
11	Ratios of General Bonded Debt and Capital Leases Outstanding by Type	70
12	Schedule of Debt Limitation	71
13	Legal Debt Margin Information	72
	Demographic and Economic Statistics:	
14	Demographic and Economic Statistics	73
15	Principal Employers	74
	Operating Information:	
16	Capital Asset Statistics by Function/Program	75
17	Operating Indicators by Function/Program	76
18	Full-Time Equivalent Town Government Employees by Function/Program	77

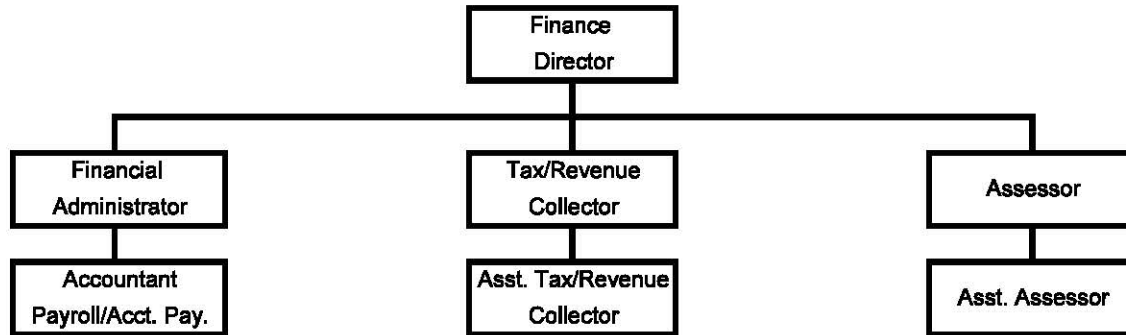
Introductory Section

This page is intentionally left blank.

**TOWN OF HEBRON, CONNECTICUT
PRINCIPAL TOWN OFFICIALS
As of June 30, 2021**

<i>Chairman of the Board of Selectmen</i>	Daniel Larson
<i>Chairman of the Board of Finance</i>	David Veschi
<i>Town Manager</i>	Andrew J. Tierney
<i>Assessor</i>	Debra Gernhardt
<i>Building Inspector</i>	Randy Blais
<i>Resident Trooper</i>	Daniel Greenwood
<i>Town Clerk</i>	Carla Pomprowicz
<i>Town Planner</i>	Michael O’Leary
<i>Finance Director</i>	Elaine M. Griffin
<i>Legal Counsel</i>	Kenneth Slater, Esq.
<i>Emergency Management Director</i>	Paul Bancroft
<i>Engineer</i>	Nathan Jacobson & Assoc.
<i>Fire Chief</i>	Peter Starkel
<i>Fire Marshal</i>	Randy Blais
<i>Health Director</i>	Russell Melmed
<i>Public Works Director</i>	Kevin Kelly
<i>Recreation Director</i>	Richard Calarco
<i>Senior Services Director</i>	Sharon Garrard
<i>Superintendent of Schools</i>	Thomas Baird
<i>Tax Collector</i>	Adrian MacLean
<i>AHM Youth & Family Services</i>	Tressa Giordano
<i>Zoning Enforcement Officer</i>	James Cordier

**Town of Hebron
Finance Department**





Town of Hebron

ELAINE GRIFFIN
FINANCE DIRECTOR

SUE HUSHIN
FINANCIAL ADMINISTRATOR

TAMMY FILBIG
ACCOUNT CLERK

**TOWN OFFICE BUILDING
15 GILEAD STREET
HEBRON, CONNECTICUT 06248
TELEPHONE: (860) 228-5971
FAX: (860) 228-4859
www.hebronct.com**

ANDREW J. TIERNEY
TOWN MANAGER

March 7, 2022

To the Board of Finance, Town Manager and Honorable
Members of the Hebron Board of Selectmen
Town of Hebron, Connecticut

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of audited financials. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, Certified Public Accountants, have issued unmodified opinions on the Town of Hebron, Connecticut's financial statements for the year ended June 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is intended to complement this letter of transmittal and should be read in conjunction with it.

Profile of Government

Hebron covers an area of 36.9 miles and is 20 miles southeast of Hartford. Its location is within the suburban fringe of the Hartford metropolitan area. Hebron is bounded on the east by Columbia, the southeast by Lebanon, the south by Colchester, the west by Marlborough and Glastonbury, the north by Bolton, and the northeast by Andover. The Town is traversed by Connecticut Routes 66 and 85. Included in Hebron town limits are Amston (formerly Turnerville), once a thriving mill area, and Gilead, which grew up around the Congregational Church founded there in 1748.

Hebron is considered to be a semi-rural community. The Town's business community is located primarily along Route 66 near the intersection with Route 85. There is also a neighborhood business center located in the southern part of Town near Amston Lake.

The Town of Hebron adopted a charter in 1988, effective as of November 21, 1989. The Charter was amended on November 5, 1996, November 4, 2003, November 3, 2009, November 4, 2014 and again on November 5th, 2019. The Charter retains a Town meeting form of government, with an elected five-member Board of Selectmen serving overlapping four-year terms and a five-member Board of Finance also serving overlapping four-year terms. A Town Manager, appointed by the Board of Selectmen, acts as the chief executive and chief administrative officer of the Town, and is responsible to the Board of Selectmen for the administration of all departments and agencies with elected heads or members. The Town Manager has the authority to appoint various officers, including a Finance Director who, among other duties, acts as the Town Treasurer and the agent of all Town funds.

The Board of Education is the policy-making body for grades kindergarten through six. Grades seven through twelve are governed by Regional School District Number 8 composed of the Towns of Hebron, Andover and Marlborough. A member town may withdraw from the District, but such withdrawal does not affect the obligation of the member town to District bondholders.

The Town provides a full range of services including public safety, street maintenance, sanitation, health and human services, public parks and recreation, library, education, culture, public improvement, planning, zoning, sewer and general administrative services.

Regional School District Number 8

Regional School District No. 8 was organized in 1957 under provisions of the Connecticut General Statutes, Section 10-45, after approval by the member towns of Hebron, Andover and Marlborough. Regional Hebron Andover Marlborough (RHAM) Middle School in Hebron accommodates grades 7 and 8, and Regional Hebron Andover Marlborough (RHAM) High School in Hebron serves grades 9-12. Each member town maintains and funds its own school district, which provides elementary education grades K- 6.

Local Economy

The Town aggressively pursues economic and physical stabilization and revitalization. After many years of steady population growth, Hebron has recently seen a slight decrease of 1.9% with the 2019 census in comparison to the 2010 year (Source: Federal Census). Consequently, the Town is involved with several projects which will improve both the tax base and quality of life in Hebron and was recently ranked in the top Connecticut towns with a description classification of "quaint".

The net taxable grand list for October 1, 2019 was \$787,123,490, an increase of 1.10% from the October 1, 2018 grand list amount of \$778,563,080. With the economy appearing to be on the incline, crumbling foundations and the continued influx at the State level with grant funding seemed to be the primary culprits in the grand list slow recovery. However, building permits continue to remain steady in application requests. Hebron's unemployment rate rose slightly to 3.4% on June 30, 2020 and remains reflected at this rate for 2021. This is indicative of a continued fluctuating local re-employment process and economy. Hebron still ranked better than the Federal rate of 5.9% and the State rate of 8% at June 30, 2021.

Major Initiatives:

The Economic Development Commission in association with Town staff has continued to promote local businesses and retain them for viability in the Town. There was a review and reworking of the local tax abatement policy to attract new businesses to the Town. These initiatives will aid in increasing the commercial tax base as well as helping keep current businesses strong with a continuous and expanding employment base being kept in Town.

In 2011, the Town initiated a Charrette Process with assistance from the University of Connecticut Architectural and Landscaping students to increase and improve the look of our Main Street business district. Several future infrastructure improvement objectives for this area along Route 66 were identified by bringing in all points of view from residents, Town representatives and experts, who were invited to three interactive charrette sessions. Objectives that were identified at that time continue to be implemented through continuing STEAP grant applications and awards for business owners and in conjunction with the Plan of Development for Hebron through the Planning and Zoning Commission, Economic Development Commission and the Historic Properties Committee as noted below:

- Preservation and enhancement of the historic district.
- Sidewalk installation has improved walkability of the downtown corridor and improved the overall aesthetic appeal of the downtown area with additional parking constructed behind the Town's Douglas Library.
- Construction of Colebrook Village, an Assisted Living Facility and the first in this area was completed during the 2018 fiscal year as well as completion of 8 miles of Connecticut Natural Gas pipeline, a project which took many managerial hours to implement.
- Receipt of several large STEAP and DOT Grants for reconstruction of the Marjorie Circle Bridge and RHAM Campus Improvements through the combined efforts of management and Elected Officials.
- Surplus of Unassigned Fund Balance and Open Space Land Acquisition Funds were utilized to purchase the Horton Brothers Property located on Kinney Road and part of the initial Village Green Subdivision. This purchase is intended for future development and construction of a Town Municipal Complex. Additional surplus UFB dollars were also utilized for a Lead Remediation project at Hebron Elementary School.
- This fiscal year began the process for a major Sewer System Pump Station Upgrade along with "catch up" on some town parking lots and road re-paving through an authorized \$10 Million Bonding Project.

Relevant Financial Policies:

Budgetary Control

The Town maintains extensive budgetary controls including a very strong purchasing policy. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Selectmen and Board of Finance. Activities of the general fund are included in the annual appropriated budget. Project-length budgets are prepared for the capital projects funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the departmental level within each fund. The Town also maintains an encumbrance accounting system as one method of maintaining budgetary control. Unencumbered amounts lapse at year end. Encumbered amounts at year end are reported as reservations of fund balance.

As demonstrated by the statements and schedules included in the financial section of this report, the Town continues to meet its responsibility for sound financial management.

Other Policies

The Town Management and Boards of Selectmen and Finance are in the process of reviewing, revising and adopting several financial policies. Most recently reviewed and revised is the General Fund Balance Policy and a formal Debt Management Policy. Also in process are a separate Capital Equipment Replacement Policy, and other Operating Budget and Financial Policies continue to be reviewed and updated.

Long Term Financial Planning:

A significant measure of the Town's financial strength is the level of its fund balances (i.e., the accumulation of the revenues in excess of expenditures). The Town's General Fund Balance has demonstrated positive trends over the past several years and the current fiscal year. In years where there has been a substantial buildup in the General Fund Balance funds were transferred to a debt service fund in order to set aside funds for future years debt requirements. The Boards of Selectmen and Finance along with Town Management, takes the responsibility of being stewards of public funds very seriously and have implemented a policy effective in April 2014 to maintain a General Fund Balance between 10% and 15%.

Hebron has a Capital Improvement Program through which its goal is to maintain the Town's infrastructure, provide for capital equipment and vehicle replacement and to make improvements to and/or add community facilities to enhance the Town's overall image and services it provides to Town residents.

The Town's annual Capital Improvement Program (CIP) results in a five-year plan of acquisition, new construction, and repair and replacement of municipal facilities and equipment. The program consists of a planning and a budgetary process. Requests are prepared by Town Departments, Boards and Commissions and are submitted to the Citizen appointed Capital Improvement Committee. The Committee reviews the requests and prioritizes them by 1) Core Projects: Safety and health concerns, mandates, continuation of a current project; 2) Essential projects: conformance with plans and initiatives, grant matches, positive fiscal impact etc.; and 3) Discretionary projects: optional remodeling and construction. The Committee forwards their recommendation for the five-year plan and funding to the Town Manager and Board of Selectmen in a five-year planning document. The Board of Selectmen and then the Board of Finance complete their reviews and recommends the CIP budget as part of the overall budget process. The budget for the Capital Improvement Program is then voted on by the voters during the yearly budget referendum.

There also is a Long-Term Financial Report that is updated frequently to try to project future operating budget revenues and expenditures over several years which are utilized to plan appropriately for major events and funding requirements. The Town recognizes that because of population growth variation, residential and commercial development, changes in assessed values and increased cost of operations, a clearer vision is important to the proper allocation of financial resources based on both legal debt capacity and reasonable amount of future funds the Town can afford to fund capital projects.

2020/2021 Revenues

A continuing challenge when considering the Town's budget is the appropriate balance between operational requirements, level of service the community needs and expectations and ongoing taxes. Fiscal year 2020/2021 calculations remained conservative once again with the continuing influx at the State level and anticipated annual grant receipt such as the Educational Cost Sharing Grant which is the largest offsetting Grant revenue to the Municipal Tax Base. The Town evaluated the impact of the possible reduction in revenues at the State level and during the budget development for 2020/2021 utilized the most accurate numbers available.

2020/2021 Expenditures

The Town continued to face many of the same challenges in the development of expenditures for the 2020/2021 fiscal year. The combined overall Town, Debt, Capital, RHAM Assessment and Education budget increased by \$86,868 or .24% largely due to an increase in the Town's debt repayment schedule. Hebron continued to recognize a reduction in the RHAM student population and levy calculation. Some of the budgeting challenges continue to include:

First and foremost, managing negotiated increases in wages and health insurance costs for all staff. The RHAM Region 8 Health Consortium District for combined health insurance coverage, which the Town and Board of Education are a part of, continue to manage health insurance costs by implementing new initiatives that include plan design changes, health improvement initiatives and programs, pooled savings and formally implementing self-insurance. The pandemic of the COVID-19 virus also dramatically affected expenditures with additional unbudgeted cleaning and PPE supplies necessary for purchase to ensure staff safety.

Managing the needs for capital equipment and infrastructure improvements with limited resources. The Capital Improvement Policy (CIP) was reviewed by the policy makers during fiscal year 2012 with changes to the method and threshold of the CIP being made. Major funding was returned to the Capital Improvement Plan Fund through the referendum process of an additional \$404,000 in the 2018 fiscal year only to suffer a reduction again in the 2019 fiscal year and continued funding shortfall in the 2020 and 2021 fiscal years. The policy makers are working together to develop the best funding alternatives for future capital needs while maintaining a level mil rate without a large tax increase. The Town Management, Boards of Selectmen and Finance are proactive in addressing the budgetary needs and the various internal and external factors that affect the Town's budget and finances.

Awards and Acknowledgments:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Hebron for its annual comprehensive financial report for the fiscal year ended June 30, 2018. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. Certificate of Achievement is valid for a period of one year only. The Town of Hebron received the Certificate of Achievement for the fifteenth consecutive fiscal year and is a fact that we boast of continuously. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA. The Town was unable to file for the 2019 Award due to COVID-19 operational restraints and the shut down of Government and the Auditing firms' offices resulting in a late filing of the 2019 report. Additionally, due to a financial accounting software mid-year conversion, the 2020 audit also required a late filing as data from the pre-existing software "converted" incorrectly within the balance sheets resulting in manual corrections by staff during the audit process.

The preparation of this report could not have been accomplished without the efficient and dedicated services of all Town staff specifically within the Finance Department. I must also extend my sincerest appreciation to all members of the Town Departments who assisted with their daily cooperation in its compilation and preparation. While this ACFR is the result of the diligent efforts of Town staff and our auditing firm CliftonLarsonAllen LLP, it would not be possible without the ongoing support of the Board of Selectmen, Board of Finance and the Town Manager.

Respectfully submitted,



Elaine M. Griffin
Finance Director

Financial Section

This page is intentionally left blank.



INDEPENDENT AUDITORS' REPORT

Board of Finance
Town of Hebron, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Hebron, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe 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, each major fund and the aggregate remaining fund information of the Town of Hebron, Connecticut, as of June 30, 2021 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During fiscal year ended June 30, 2021, the Town of Hebron, Connecticut, adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Hebron, Connecticut, reported a restatement for the change in accounting principle (see Note 12). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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 the Town of Hebron, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

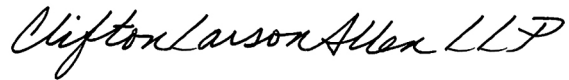
The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing 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 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Finance
Town of Hebron, Connecticut

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022 on our consideration of the Town of Hebron, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hebron, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hebron, Connecticut's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Hartford, Connecticut
March 7, 2022

This page is intentionally left blank.

**Town of Hebron, Connecticut
Management's Discussion and Analysis
June 30, 2021**

As management of the Town of Hebron, Connecticut (the "Town") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here along with additional information we have furnished in our letter of transmittal, as well as the Town's basic financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the assets and deferred outflows of the Town exceeded its liabilities and deferred inflows resulting in total net position at the close of the fiscal year of **\$62,917,424**.
- On a government-wide basis, during the year, the Town's net position increased by **\$2,229,597**. Governmental activities expenses were **\$42,106,133**, while revenues were **\$44,335,730**.
- At the close of the year, the Town's governmental funds reported, on a current financial resource basis, combined ending fund balances of **\$17,001,598**, ***an increase of \$6,432,058 from the prior fiscal year, primarily due to receipt of \$6.3 million in bonding dollars for a sewer pump station upgrade and paving project.*** Of the total fund balance as of June 30, 2021, **\$8,009,795** represents the combined unassigned fund balance in the general fund, special revenue funds, capital projects funds and permanent fund.
- At the end of the current fiscal year, the total fund balance for the general fund alone was **\$8,459,831**, ***an increase of \$1,706,686*** from the prior fiscal year ***due to significant back tax collection.*** Unassigned General Fund fund balance at year-end represents 19.70% of total general fund expenditures and transfers out.
- The Town's long-term debt ***increased by approximately \$5.5 million*** during the current fiscal year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

The statement of net position presents information on all of the Town's assets, liabilities, deferred outflows and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Town is improving or deteriorating. It speaks to the question of whether or not, the Town, as a whole is better or worse off as a result of this year's activities. Other non-financial factors will need to be considered, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in some future fiscal period, uncollected taxes and earned but unused vacation leave are examples.

The governmental activities of the Town include education, general government services, public safety, public works, planning & development, human services and community services. Property taxes, charges for services and state and federal grants finance most of these activities. The Town currently has no business type activities.

The government-wide financial statements (statement of net position and statement of activities) can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control and accountability over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town has three kinds of funds:

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

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

The Town maintains **30** individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Capital Project Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation as Other Governmental Funds.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the authorized budget. The statement of revenues, expenditures, encumbrances and transfers out on a budgetary basis can be found in the Required Supplementary Information.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) can be found on pages 13-16 of this report.

Proprietary funds. The Town maintains no proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-44 of this report.

The notes to this report also contain certain information concerning the Town's progress in funding its liabilities to provide pension benefits, and other post-employment benefits to its employees.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. On a government-wide basis, the Town's assets, deferred outflows exceeded its liabilities and deferred inflows by **\$62,917,424 on** June 30, 2021.

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 21,786,437	\$ 15,083,583
Capital assets, net of accumulated depreciation	<u>55,599,974</u>	<u>53,549,718</u>
Total assets	<u>77,386,411</u>	<u>68,633,301</u>
 Deferred Outflows of Resources	 <u>291,652</u>	 <u>282,336</u>
 Other liabilities	 2,649,341	 1,851,414
Long-term debt outstanding	<u>11,506,266</u>	<u>5,752,098</u>
Total liabilities	<u>14,155,607</u>	<u>7,603,512</u>
 Deferred Inflows of Resources	 <u>605,032</u>	 <u>653,775</u>
 Net Position:		
Net investment in capital assets	50,876,492	50,193,922
Restricted	194,694	178,175
Unrestricted	<u>11,846,238</u>	<u>10,286,253</u>
 Total Net Position	 <u>\$ 62,917,424</u>	 <u>\$ 60,658,350</u>

Total net position for Governmental Activities at fiscal year-end was **\$62.9 million**. Of the Town's total net position at June 30, 2021, **approximately \$11.8 million or 25.5%** is unrestricted. This compares with last year's total unrestricted net position **of \$10.3 million or 16.8%** unrestricted.

The largest portion of the Town's net position, **74.1%**, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), net of depreciation and any outstanding debt related to these assets. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of **\$11.8** million may be used to meet the Town's ongoing obligations to citizens and creditors.

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 2,414,089	\$ 1,968,841
Operating grants and contributions	10,880,367	9,547,912
Capital grants and contributions	1,707,044	1,640,739
General revenues:		
Property taxes	29,146,330	28,817,078
Grants and contributions not restricted to specific purposes	128,369	128,370
Unrestricted investment earnings (loss)	48,988	109,650
Miscellaneous	10,543	89,714
Total revenues	<u>44,335,730</u>	<u>42,302,304</u>
Program expenses:		
General government	6,084,767	5,670,997
Public safety	1,390,589	1,204,724
Public works	1,214,859	1,265,740
Civic and human services	1,016,298	1,541,948
Planning and land use	158,069	121,671
Sewer fees	549,056	709,663
Education	31,350,924	30,631,597
Interest on long-term debt	341,571	95,687
Total program expenses	<u>42,106,133</u>	<u>41,242,027</u>
Change in Net Position	2,229,597	1,060,277
Net Position - Beginning of Year	<u>60,658,350</u>	<u>59,598,073</u>
Restatement	29,477	
Net Position as Restated	<u>60,687,827</u>	
Net Position - End of Year	<u>\$ 62,917,424</u>	<u>\$ 60,658,350</u>

Governmental Activities

For Governmental Activities, more than **66%** of the revenues were derived from property taxes, followed by **34%** from other intergovernmental revenues.

Major revenue factors included:

- Property tax revenues recorded during fiscal year 2021 reflect a decrease in the mill rate of .72 mills for the current levy. However, several delinquent tax revenues were collected in the amount of **\$937,245**.
- ***Additional unbudgeted, unanticipated receipt of Covid Relief Funds were received in the amount of \$68,306.***

For Governmental Activities, 74.7% of the Town's expenses relate to education, 3.2% relates to public safety, 14.4% to general government, 2.3% to public works, 3.7% to civic and human services, 2.3% to interest on long-term debt, and those are the major percentages.

Major expense factors include:

- ***Education operating expenses increased by 2.3%. While the Regional School District budgetary levy requirement was a decrease, there was a 2% increase to the operating budget. Additionally, the local BOE offsets (nets) its budgetary needs with State Grants resulting in a larger expense than is necessary from tax dollars.***

Financial Analysis of the Fund Financial Statements

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

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

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources on a budgetary basis were approximately \$37.1 million, which exceeded budgetary estimates by \$1.4 million. Actual tax revenues exceeded budget by \$1,377,944, which in part represents a continued aggressive pursuit of delinquent taxes. Actual fees, permits and licenses were \$262,995 above budget due to increased requests for Ambulance Services being higher than were expected primarily due to the lingering COVID-19 pandemic. Covid Relief Fund State Grant dollars also attributed to the surplus revenue collection.

Actual expenditures on a budgetary basis and other financing uses totaled \$35,364,094, which was less than budgetary expenditures and other financing uses on a budgetary basis. The decrease was primarily due to changes in staffing and savings through attrition.

Capital Assets and Debt Administration

Capital assets. *The Town's investment in capital assets for its governmental activities as of June 30, 2021, amount to \$55,599,974 net of accumulated depreciation as indicated below.* This investment in capital assets includes land, building and system improvements, machinery and equipment, park facilities, and infrastructure.

	Governmental Activities	
	2021	2020
Land	\$ 12,184,187	\$ 12,184,187
Construction in progress	3,391,005	2,262,709
Buildings and improvements	24,516,533	22,845,524
Furniture and equipment	3,171,710	3,227,966
Infrastructure	<u>12,336,539</u>	<u>13,029,332</u>
Total	<u>\$ 55,599,974</u>	<u>\$ 53,549,718</u>

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

Replacement of a dump truck and police cruiser, HVAC system in the Town library and continued restoration of the Historical Peter's House.

Several old assets were added or eliminated from the inventory after a complete inventory review was performed.

Additional information on capital assets can be found in Note 5 of this report.

Long-Term Debt

At the end of this current fiscal year, the Town had total bonds and notes outstanding of \$8.2 million. 100% of this debt is backed by the full faith and credit of the Town. The Town's total debt increased by \$6.3 million in October 2020. Not included within the outstanding debt total of ***\$8.2 million*** is overlapping debt for Hebron's share of the Regional School District #8 (RHAM) Debt of ***\$2.2 million***.

The last bond rating was for the General Obligation Bond Issue of October 2020 for the Sewer Pump Station and Paving Project, totaling \$6,312,000. The Bonds were rated AAA by Standard & Poor's and this was an upgrade requiring a material event notice to the repositories.

The overall statutory debt limit for the Town is equal to seven times prior year annual receipts from taxation or \$259,700,000.

Additional information on long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

As of June 2021, the unemployment rate for the Hebron Labor Market Area was 6%. Connecticut's overall unemployment rate stands at 8%, compared with 9.1% for the same time last year. The State of Connecticut's unfunded educational and municipal mandates and increased employee benefit costs create a challenge for Hebron. The Town, however, is poised to overcome such challenges with its commitments to economic development, cost reduction, debt reduction and a comprehensive planning master plan.

The economic indicators for the past few years, and several other factors were taken into account when adopting the General Fund budget **for 2021-2022**. Amounts available for appropriation in the General Fund budget are \$35.8 million, an increase of approximately .24% over the final 2020 budget of \$35.7 million. A majority of the increase is attributed to the increase of funding provided for Capital Projects and Debt Service payments due to newly acquired bonding for a Sewer Pump Station Upgrade and Paving Improvements.

In future plans, there will be continued focus on core services for the Town in order to ease the stress of limited resources of taxpayers and current economic conditions while pursuing Economic Development.

Requests for Information

The financial report is designed to provide a general overview of the Town's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Hebron, Finance Director, 15 Gilead Street, Hebron, Connecticut 06248.

This page is intentionally left blank.

Basic Financial Statements

This page is intentionally left blank.

**TOWN OF HEBRON, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 17,572,830
Investments	1,768,369
Receivables, net	2,437,825
Supplies	7,413
Capital assets:	
Assets not being depreciated	15,575,192
Assets being depreciated, net	40,024,782
Total assets	<u>77,386,411</u>
Deferred Outflows of Resources:	
Deferred outflows related to OPEB	<u>291,652</u>
Liabilities:	
Accounts payable	1,122,776
Accrued interest payable	71,810
Unearned revenue	1,454,755
Noncurrent liabilities:	
Due within one year	1,061,430
Due in more than one year	10,444,836
Total liabilities	<u>14,155,607</u>
Deferred Inflows of Resources:	
Deferred inflows related to OPEB	<u>605,032</u>
Net Position:	
Net investment in capital assets	50,876,492
Restricted for:	
Grants	44,680
Library	29,774
Marian Celio Angel Cemetery	107,921
Cemetery	12,319
Unrestricted	<u>11,846,238</u>
Total Net Position	<u>\$ 62,917,424</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HEBRON, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,084,767	\$ 535,086	\$ 93,035	\$	\$ (5,456,646)
Public safety	1,390,589	425,348	13,614		(951,627)
Public works	1,214,859	280	2,216	1,314,704	102,341
Civic and human services	1,016,298	318,043	111,400	392,340	(194,515)
Planning and land use	158,069				(158,069)
Sewer	549,056	662,346			113,290
Education	31,350,924	472,986	10,660,102		(20,217,836)
Interest expense	341,571				(341,571)
Total Governmental Activities	\$ 42,106,133	\$ 2,414,089	\$ 10,880,367	\$ 1,707,044	(27,104,633)
General revenues:					
Property taxes					29,146,330
Grants and contributions not restricted to specific programs					128,369
Unrestricted investment earnings					48,988
Miscellaneous					10,543
Total general revenues					<u>29,334,230</u>
Change in Net Position					2,229,597
Net Position at Beginning of Year, as Restated					<u>60,687,827</u>
Net Position at End of Year					<u>\$ 62,917,424</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HEBRON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Bond Fund</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 6,865,213	\$ 1,630,564	\$ 4,908,332	\$ 1,406,357	\$ 2,762,364	\$ 17,572,830
Investments	1,768,369					1,768,369
Receivables:						
Property taxes	2,182,145					2,182,145
Other	7,869				247,811	255,680
Due from other funds	50,702					50,702
Supplies					7,413	7,413
Total Assets	<u>\$ 10,874,298</u>	<u>\$ 1,630,564</u>	<u>\$ 4,908,332</u>	<u>\$ 1,406,357</u>	<u>\$ 3,017,588</u>	<u>\$ 21,837,139</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 395,850	\$ 320,866	\$ 180,973		\$ 225,087	\$ 1,122,776
Due to other funds					50,702	50,702
Unearned revenue				1,406,357	48,398	1,454,755
Total liabilities	<u>395,850</u>	<u>320,866</u>	<u>180,973</u>	<u>1,406,357</u>	<u>324,187</u>	<u>2,628,233</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	2,018,617					2,018,617
Unavailable revenue - sewer use receivable					32,549	32,549
Unavailable revenue - special assessments					130,406	130,406
Unavailable revenue - grants					25,736	25,736
Total deferred inflows of resources	<u>2,018,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,691</u>	<u>2,207,308</u>
Fund balances:						
Nonspendable					13,358	13,358
Restricted					188,749	188,749
Committed		1,309,698	4,727,359		2,353,305	8,390,362
Assigned	450,036					450,036
Unassigned	8,009,795				(50,702)	7,959,093
Total fund balances	<u>8,459,831</u>	<u>1,309,698</u>	<u>4,727,359</u>	<u>-</u>	<u>2,504,710</u>	<u>17,001,598</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,874,298</u>	<u>\$ 1,630,564</u>	<u>\$ 4,908,332</u>	<u>\$ 1,406,357</u>	<u>\$ 3,017,588</u>	<u>\$ 21,837,139</u>

The accompanying notes are an integral part of the financial statements

TOWN OF HEBRON, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position:

Amounts reported for governmental activities in the statement of net position (Exhibit I) are
different from the governmental fund balance sheet because of the following:

Fund balances - total governmental funds (Exhibit III)	\$ 17,001,598
--	---------------

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 109,563,291	
Less accumulated depreciation	<u>(53,963,317)</u>	
Net capital assets		55,599,974

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

Property tax receivable greater than 60 days	1,569,572
Interest receivable on property taxes	449,045
Sewer use receivable	130,406
Sewer assessments receivable	32,549
Grants	25,736
Deferred outflows related OPEB	291,652

Long-term liabilities and deferred inflows, including bonds payable, are not due and
payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(7,889,000)
Bond premiums	(300,630)
Capital leases	(940,345)
Interest payable on bonds	(71,810)
Total OPEB liability	(1,282,590)
Compensated absences	(768,501)
Contract payable	(325,200)
Deferred inflows related to OPEB	<u>(605,032)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>62,917,424</u></u>
---	-----------------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF HEBRON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sewer Bond Fund</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 29,586,516	\$	\$	\$	\$	\$ 29,586,516
Intergovernmental	8,153,899	1,466,108			963,505	10,583,512
Charges for services	914,045				1,492,544	2,406,589
Income from investments	47,503	162			1,323	48,988
Other	83,841	6,100			14,519	104,460
Total revenues	<u>38,785,804</u>	<u>1,472,370</u>	<u>-</u>	<u>-</u>	<u>2,471,891</u>	<u>42,730,065</u>
Expenditures:						
Current:						
General government	3,328,546				4,040	3,332,586
Public safety	1,146,337				99,623	1,245,960
Public works	1,253,836				725	1,254,561
Civic and human services	709,912				319,998	1,029,910
Planning and land use	158,069					158,069
Sewer fees	14,280				534,776	549,056
Insurance and benefits	1,691,873					1,691,873
Education	27,472,335				1,335,579	28,807,914
Debt service						
Principal	646,035					646,035
Interest	151,542		38,106			189,648
Capital outlay		2,469,860	1,234,535		815	3,705,210
Total expenditures	<u>36,572,765</u>	<u>2,469,860</u>	<u>1,272,641</u>	<u>-</u>	<u>2,295,556</u>	<u>42,610,822</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,213,039</u>	<u>(997,490)</u>	<u>(1,272,641)</u>	<u>-</u>	<u>176,335</u>	<u>119,243</u>
Other Financing Sources (Uses):						
Transfers in	30,000	709,168			140,000	879,168
Transfers out	(849,168)				(30,000)	(879,168)
Bond issued			6,000,000			6,000,000
Premium on bonds issued	312,815					312,815
Total other financing sources (uses)	<u>(506,353)</u>	<u>709,168</u>	<u>6,000,000</u>	<u>-</u>	<u>110,000</u>	<u>6,312,815</u>
Net Change in Fund Balances	1,706,686	(288,322)	4,727,359		286,335	6,432,058
Fund Balances at Beginning of Year, as Restated	<u>6,753,145</u>	<u>1,598,020</u>	<u>-</u>	<u>-</u>	<u>2,218,375</u>	<u>10,569,540</u>
Fund Balances at End of Year	<u>\$ 8,459,831</u>	<u>\$ 1,309,698</u>	<u>\$ 4,727,359</u>	<u>\$ -</u>	<u>\$ 2,504,710</u>	<u>\$ 17,001,598</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HEBRON, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 6,432,058
---	--------------

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,974,998
Depreciation expense	(1,924,742)
Loss on disposal of capital assets	

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

Property tax receivable - accrual basis change	(389,155)
Property tax interest revenue - accrual basis change	(51,031)
Sewer use and assessment receivable - accrual basis change	7,502
Long-term contracts receivable	(79,400)
Deferred outflows related to OPEB	20,500

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these treatment of long-term debt and related items are as follows:

Issuance of bonds	(6,000,000)
Bonds principal payments	492,000
Bond premium	(312,815)
Capital lease payments	45,635

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

Compensated absences	(50,164)
Contracts payable	108,400
Accrued interest payable	(44,524)
Amortization of deferred charge on refunding	(11,184)
Amortization of bond premium	12,185
Total OPEB liability	(49,409)
Deferred inflows related to OPEB	48,743

Change in Net Position of Governmental Activities (Exhibit II)	\$ <u>2,229,597</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Hebron, Connecticut (the Town) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the Town are described below.

A. Reporting Entity

The Town of Hebron, Connecticut (the Town), was incorporated in 1708. The Town operates under a Charter which became effective in November 1988 and was most recently amended in November 2014. The form of government includes an elected Board of Selectmen consisting of five members, an elected six-member Board of Finance, and an elected seven-member local Board of Education.

The legislative power of the Town is vested with the Board of Selectmen and the Town Meeting. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of the Town offices and agencies, with the exception of the local Board of Education, is the responsibility of the Town Manager, who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. There are no organizations that meet these criteria.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension, OPEB, and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is susceptible to accrual as revenue of the current period. All other revenue items are measurable and available only when cash is received.

The Town reports the following major governmental fund:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Funds are used to account for financial resources for the acquisition and construction of major capital facilities.

The Sewer Bond Fund is utilized to account for financial resources for the upgrade of existing sewer pumpstation.

The ARPA Fund is utilized to track activity related to the American Rescue Plan Act federal grant program criteria. The major source of revenue for this fund is federal assistance. Expenditures have yet to be finalized but will most likely be used for capital improvements.

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

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

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

D. Cash and Cash Equivalents

The Town's cash and cash equivalents are cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

E. Investments

Investments are stated at fair value.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances for uncollectibles are computed based on historical data.

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate tax greater than \$250 is due in two installments on July 1 and the following January 1. Liens are filed on delinquent real estate taxes within one year.

G. Loans Receivable

Rehabilitation loans consist of deferred loans made to certain qualifying individuals for home improvements in connection with funding by the Town under a Small Cities Development Block Grant to administer the Town's Housing Rehabilitation Program. The loans bear no interest. Repayment of the loans is deferred, but the loans become due and payable upon sale or transfer of the property, the owner's demise, or when the subject property is no longer the applicant's place of residence. The notes may be paid in full or in part by the borrower at any time without penalty.

H. Supplies and Prepaid Items

Supplies of donated commodities are stated at fair market value. Supplies of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for furniture, equipment and buildings, and \$50,000 for infrastructure assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

**TOWN OF HEBRON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-50
Building Improvements	25-50
System Infrastructure	20-50
Furniture and Equipment	5-25

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to OPEB in the government-wide statement of net position. A deferred outflow of resources related to OPEB results from differences between expected and actual experience and changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees).

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows of resources related to OPEB in the government-wide statement of net position. A deferred inflow of resources related to OPEB results from differences between expected and actual experience and changes in assumptions or other inputs. These amounts are deferred and included in OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees). The governmental funds report unavailable revenues from several sources: property taxes and interest, sewer assessments, and sewer user charges. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

K. Compensated Absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement.

Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are due. The liability for the remainder of the vested sick leave and vacation leave, and an estimate of the nonvested portion expected to be paid in future periods, is accounted for in the government-wide statement of net position. The vesting method using historical data was used to calculate the liability. Compensated absences are generally liquidated by the General Fund.

L. Total Other Postemployment Benefits Other than Pension (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Bond issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received, are reported as debt service expenditures.

N. Fund Equity

Equity in the government-wide financial statements is defined as "net position" and is classified in the following categories:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position

This component of net position consists of restrictions that are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of "restricted" or "net invested in capital assets, net of related debt."

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance

This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance

This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Hebron Board of Selectmen). A commitment of fund balance and any subsequent modification or rescission requires a resolution/ordinance of the Board of Selectmen.

Assigned Fund Balance

Amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. The Town Manager and Finance Director have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

O. Fund Balance Flow Assumptions

Sometimes the Town will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are applied. It is the Town's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

P. Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- At least one hundred fifty (150) days before the end of the fiscal year, the head of each department, office or agency of the Town, supported wholly or in part from Town funds, except the Regional Board of Education, files with the Town Manager a detailed estimate of the expenditures to be made and the revenues, other than property taxes, to be collected in the ensuing fiscal year.
- Expenditures are budgeted by account type, department, object and function. The legal level of budgetary control, the level at which expenditures may not exceed appropriations, is established at the department level.
- The Town Manager, with the assistance of the Finance Director, reviews the budget estimates with the heads of all Town-supported departments, offices and agencies. No later than one hundred twenty (120) days prior to the end of the fiscal year, the Town Manager presents to the Board of Selectmen a proposed budget. In preparing the proposed budget, the Town Manager may add to, delete from or eliminate requests made by the various departments, offices and agencies, except that he may only comment and make recommendations on the budget requests of elected officials and the local Board of Education. The Town Manager includes in the budget the estimated budget request of Regional School District No. 8.
- The Board of Selectmen reviews the budget estimates and makes further revisions, except that the Board may only make recommendations on the budgets prepared by other elected officers, elected Town agencies and the local Board of Education. The Board of Selectmen submits its budget recommendations to the Board of Finance no later than ninety (90) days before the end of the fiscal year.
- The Board of Finance holds at least one public hearing on the budget as presented. The Board of Finance may review the budget requests with the head of each department, board, agency and commission, including the local Board of Education. The Board of Finance then prepares a budget to be presented to the annual Town budget meeting.
- The Town Charter provides the manner which is to be utilized by the Town Meeting in acting upon the budget. The Board of Finance may make supplemental appropriations during the year, provided that such appropriations do not cumulatively exceed one-half of one percent (.005) of the current year budget, excluding the amount appropriated to the Regional School District. All subsequent supplemental appropriations are subject to Town Meeting approval. The Board of Finance is authorized to approve transfers from one department, office or agency to another only within the last three (3) months of the fiscal year.
- The Charter also provides for the making of emergency appropriations, which do not require Town Meeting approval. There were no emergency appropriations made during the year.
- Unexpended appropriations lapse at the end of the fiscal year unless specifically continued in force to the subsequent period.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

- The General Fund budget is prepared on a modified accrual basis of accounting. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued, and, accordingly, encumbrances outstanding at year end are reflected in budgetary reports as expenditures in the current year.
- During the fiscal year ended June 30, 2021, there were \$106,180 in General Fund supplemental budget appropriations.

During the year ended June 30, 2021, the administration payroll line item overexpended final appropriations by \$49,451.

B. Fund Deficits

Fund balance deficits existed as of June 30, 2021 in the following funds:

Miscellaneous Grants Fund	\$	50,702
---------------------------	----	--------

This fund deficits will be reduced or eliminated through grant reimbursements and other revenue sources.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository.”

The Connecticut General Statutes (Section 7-400) permit municipalities 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 and 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. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$8,357,701 of the Town’s bank balance of \$11,386,383 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 7,413,657
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>944,044</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 8,357,701</u></u>

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2021, the Town’s cash equivalents amounted to \$8,450,233. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption rates.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Investments

Interest Rate Risk

The Town does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2021, the Town had the following interest-bearing investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Amortized Cost</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificate of Deposits*	Unrated	\$ <u>1,768,369</u>	\$ <u>1,269,827</u>	\$ <u>498,542</u>	\$ <u> </u>

* Certificate of Deposits are valued at amortized costs.

Credit Risk

As indicated above, State Statutes limit the investment options of cities and towns. The Town allows the same type of investments as State Statutes.

Concentration of Credit Risk

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2021, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

Accounts receivable as of June 30, 2021 for the Town's individual major funds and nonmajor, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Accounts receivable:	\$	\$	\$
Taxes	2,016,100		2,016,100
Interest	449,045		449,045
Intergovernmental		57,717	57,717
Sewer assessments		32,548	32,548
Sewer user charges		132,506	132,506
Other	7,869	25,040	32,909
	<u> </u>	<u> </u>	<u> </u>
Less allowance for uncollectibles	(283,000)		(283,000)
Net Total Receivables	\$ <u>2,190,014</u>	\$ <u>247,811</u>	\$ <u>2,437,825</u>

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,184,187	\$	\$	\$ 12,184,187
Construction in progress	<u>2,262,709</u>	<u>2,105,919</u>	<u>977,623</u>	<u>3,391,005</u>
Total capital assets not being depreciated	<u>14,446,896</u>	<u>2,105,919</u>	<u>977,623</u>	<u>15,575,192</u>
Capital assets being depreciated:				
Buildings and improvements	42,861,198	2,398,930		45,260,128
Machinery and equipment	11,938,636	385,433		12,324,069
Infrastructure	<u>36,341,563</u>	<u>62,339</u>		<u>36,403,902</u>
Total capital assets being depreciated	<u>91,141,397</u>	<u>2,846,702</u>	<u>-</u>	<u>93,988,099</u>
Less accumulated depreciation for:				
Buildings and improvements	(20,015,674)	(727,921)		(20,743,595)
Machinery and equipment	(8,710,670)	(441,689)		(9,152,359)
Infrastructure	<u>(23,312,231)</u>	<u>(755,132)</u>		<u>(24,067,363)</u>
Total accumulated depreciation	<u>(52,038,575)</u>	<u>(1,924,742)</u>	<u>-</u>	<u>(53,963,317)</u>
Total capital assets being depreciated, net	<u>39,102,822</u>	<u>921,960</u>	<u>-</u>	<u>40,024,782</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,549,718</u>	<u>\$ 3,027,879</u>	<u>\$ 977,623</u>	<u>\$ 55,599,974</u>

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

Governmental activities:	
General government	\$ 791,159
Public safety	146,498
Public works	251,342
Civic and human services	301,708
Education	<u>434,035</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,924,742</u>

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The Town had the following interfund receivable and payable balances at June 30, 2021.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ <u>50,702</u>

The Town had the following Interfund transfers during the fiscal year June 30, 2021:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 709,168	\$ 140,000	\$ 849,168
Nonmajor Governmental Funds	<u>30,000</u>			<u>30,000</u>
Total Transfers In	<u>\$ 30,000</u>	<u>\$ 709,168</u>	<u>\$ 140,000</u>	<u>\$ 879,168</u>

Transfers are used to 1) move money from the General Fund for unrestricted revenues collected mainly in the General Fund to finance various programs accounted for in other funds in accordance with budget authorizations, and 2) to move revenues to the General Fund primarily to make principal and interest payments on general obligation bonds.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 2,381,000	\$ 6,000,000	\$ 492,000	\$ 7,889,000	\$ 742,000
Bond Premium		312,815	12,185	300,630	
Other long-term liabilities:					
Capital Leases	985,980		45,635	940,345	49,502
Compensated absences	718,337	219,537	169,373	768,501	76,850
Contract payable	433,600		108,400	325,200	108,400
Total OPEB liability	<u>1,233,181</u>	<u>49,409</u>		<u>1,282,590</u>	<u>84,678</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 5,752,098</u>	<u>\$ 6,581,761</u>	<u>\$ 827,593</u>	<u>\$ 11,506,266</u>	<u>\$ 1,061,430</u>

Compensated absences, total OPEB liability and all others are generally liquidated by the General Fund.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

A schedule of bonds payable at June 30, 2021 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2021</u>
General Obligation Bonds Payable:					
2008 General Obligation Bonds	7/9/2008	7/15/2023	3.20-4.00%	\$ 4,300,000	\$ 855,000
2013 General Obligation Refunding Bond	7/12/2013	7/15/2024	2.25%	1,164,000	368,000
2017 General Obligation Serial Note	3/1/2017	12/1/2026	2.37%	1,112,000	666,000
2020 General Obligation Bonds	9/22/2020	2/1/2040	1.3-1.7%	6,000,000	<u>6,000,000</u>
Total General Obligation Bonds Payable					<u>\$ 7,889,000</u>

The annual requirements to amortize all bonds outstanding as of June 30, 2021, including interest payments, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 742,000	\$ 193,897
2023	773,000	167,723
2024	813,000	140,193
2025	574,000	116,815
2026	486,000	98,194
2027-2031	1,706,000	296,495
2032-2036	1,555,000	171,960
2037-2040	<u>1,240,000</u>	<u>52,080</u>
Total	<u>\$ 7,889,000</u>	<u>\$ 1,237,357</u>

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General purpose	\$ 64,231,560	\$ 1,889,000	\$ 62,342,560
Schools	128,463,120	2,686,226	125,776,894
Sewers	107,052,600	10,000,000	97,052,600
Urban renewal	92,778,920		92,778,920
Pension deficit	87,315,318		87,315,318

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$199,831,520.

The definition of indebtedness above includes bonds and notes outstanding in addition to the amounts of bonds authorized and unissued against which debt is issued and outstanding. Debt authorized and unissued at June 30, 2021 is \$4,000,000.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Hebron is a member of Regional School District #8, which provides education for grades seven through twelve for the towns of Marlborough, Andover and Hebron. As of June 30, 2021, the District has bonds outstanding of \$5,565,000. The Town of Hebron's share is approximately 48.27% at June 30, 2021. These are obligations of Regional School District #8 and its member towns. The Regional School District #8 issues stand-alone financial statements which can be obtained at <https://www.rhamschools.org>.

Capital Leases

The Town has various capital leases in which they acquire capital assets. The capital leases are for various equipment related to energy efficiencies. Original cost and accumulated depreciation at June 30, 2021 of capital assets under such lease agreements are as follows:

	<u>Amount</u>
Assets:	
Machinery and equipment	\$ 1,236,821
Less accumulated depreciation	<u>(234,996)</u>
Total	<u>\$ 1,001,825</u>

The present value of future minimum lease payments under capital lease obligations is as follows:

<u>Fiscal Year</u> <u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 79,742
2023	82,133
2024	84,597
2025	87,135
2026	89,750
2027-2031	490,787
2032-2034	<u>244,517</u>
Total	1,158,661
Less amount representing interest	<u>218,316</u>
Total	<u>\$ 940,345</u>

Contracts Payable

The Town has entered into an agreement with a natural gas distribution company to partially offset the revenue requirement associated with the costs of construction of the natural gas pipeline. Upon completion of the construction of approximately eight miles of pipeline within the Town and the connection of service to all eligible municipal buildings adjacent to the pipeline, the Town agreed to contribute an amount of \$758,800 towards the project. Under the terms of the agreement, the Town will make seven annual payments to the company in the amount of \$108,400 through 2024. Each payment is due no later than January 30th of the following year. At June 30, 2021 the outstanding balance of \$325,200 has been reflected in the government-wide financial statements.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2021 are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Sewer Bond Funds</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Supplies	\$	\$	\$	\$ 7,413	\$ 7,413
Nonspendable trust				5,945	5,945
Restricted for:					
Donor restriction				144,069	144,069
Grant restrictions				27,426	27,426
Loan program				17,254	17,254
Committed to:					
Land acquisition				473,658	473,658
Hebron park				26,474	26,474
Sewer operations				734,743	734,743
Parks and recreation activities				110,090	110,090
Cafeteria				31,785	31,785
Debt repayment				813,627	813,627
Public safety				119,103	119,103
General government				28,819	28,819
Education				15,006	15,006
Capital projects		1,309,698	4,727,359		6,037,057
Assigned to:					
Revaluation	238,534				238,534
Retiree benefits	120,251				120,251
General government	13,862				13,862
Public safety	211				211
Public works	19,391				19,391
Education	23,923				23,923
Insurance and benefits	33,864				33,864
Unassigned	8,009,795			(50,702)	7,959,093
Total Fund Balances	\$ 8,459,831	\$ 1,309,698	\$ 4,727,359	\$ 2,504,710	\$ 17,001,598

Major encumbrances are reported in assigned fund balance of the General Fund of \$276,427.

9. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Defined Contribution Plan

The Town established a single-employer defined contribution money accumulation retirement plan (the Plan) to provide benefits for all Town and noncertified Board of Education employees. Under the provisions of the Plan, all employees must be at least twenty-one years of age and have completed one year of service to participate. Participants earn 20% vesting for each year starting with year two until 100% vested is obtained at year six. In addition, if you are employed by the Town of Hebron on or after your normal retirement date your account is 100% vested. The Town is required to contribute an amount equal to 5% of employee covered payroll for Board of Education noncertified employees and 7% of employee covered payroll for all Town employees. Plan participants are not eligible to contribute to the Plan. Benefits can be paid at the normal retirement date which is the June 30th nearest the date at which you attain age 62.

The Plan does not issue stand-alone financial statements and is not part of the Town's financial reporting entity.

Employer contributions totaled \$252,068 for the year ended June 30, 2021.

Contribution requirements of the Town are established and may be amended by the Board of Selectmen.

Deferred Compensation Plan

The Town offers all employees who are eligible for benefits a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Town is required to contribute up to a maximum of 4.5% if the employee elects to contribute 7% of their wages into the plan on a before-tax basis. The Town is required to contribute 50% of the dollar amount contributed by the employee if the employee elects to contribute less than 7%. If an employee elects to contribute 10% of their before-tax wages, the Town is required to contribute 5%. Contribution requirements of the Town are established and may be amended by the Board of Selectmen. Town contributions totaled \$82,790 and \$89,546 for the years ended June 30, 2021 and 2020, respectively. Deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The Statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$1,608,558 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

**TOWN OF HEBRON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>25,078,304</u>
Total	\$	<u><u>25,078,304</u></u>

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

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$3,592,348 in Exhibit II.

E. Actuarial Assumptions

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

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

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

Cost-of-Living Allowance

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

Long-Term Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut Treasurer's Office are summarized in the following table:

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>	
Domestic Equity Fund	5.60	%	20.00	%
Developed Market Intl. Stock Fund	6.00		11.00	
Emerging Market Intl. Stock Fund	7.90		9.00	
Core Fixed Income Fund	2.10		16.00	
Inflation Linked Bond Fund	1.10		5.00	
Emerging Market Debt Fund	2.70		5.00	
High Yield Bond Fund	4.00		6.00	
Real Estate Fund	4.50		10.00	
Private Equity	7.30		10.00	
Alternative Investments	2.90		7.00	
Liquidity Fund	0.40		<u>1.00</u>	
Total			<u><u>100.00</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

**TOWN OF HEBRON, CONNECTICUT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

H. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

10. OTHER POSTEMPLOYMENT BENEFITS

Town and Board of Education Plan

A. Plan Description

The Town provides healthcare insurance benefits for eligible retirees and their spouses through the Town’s group health insurance plan, which covers both active and retired members (the OPEB Plan). The program is a single-employer defined benefit plan, which is administered by the Town. Benefit provisions are established by various collective bargaining and employment agreements with the Town. The OPEB Plan is part of the Town’s financial reporting entity. There are no assets accumulated in a trust pursuant to GASB 74. The OPEB Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

B. Benefit Provided

The OPEB Plan provides for medical benefits to eligible retirees, spouses and beneficiaries. Contribution requirements of the plan members and the Town are established in the provisions of the program and in accordance with the General Statutes of the State of Connecticut. Currently, Board of Education employees and spouses who are age 55 with 20 years of service or any age with 25 years of service in the Hebron School System are eligible to receive benefits. Those who choose to participate must pay 100% of the premium cost. Town employees and spouses who are age 62 with 15 years of service in the Town are eligible to receive benefits. Those who choose to participate must pay 100% of their spouses premium cost.

C. Employees Covered by Benefit Terms

Membership in the plan consisted of the following at July 1, 2019:

Inactive plan members or beneficiaries currently receiving benefits	4
Active plan members	<u>101</u>
Total	<u><u>105</u></u>

D. Total OPEB Liability

The Town’s total OPEB liability of \$ 1,282,590 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2021.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

E. Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.60%
Salary increases	2.60% (including inflation)
Discount rate	2.16%
Healthcare cost trend rates	6.50% in 2019, reducing by 0.2% each year to a final 4.60% per year rate for 2029 and later

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The plan has not had a formal actuarial experience study performed.

Mortality rates were based on the 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.

F. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2020	\$ <u>1,233,181</u>
Changes for the year:	
Service cost	62,800
Interest on total OPEB liability	27,710
Differences between expected and actual experience	37,319
Changes in assumptions	6,258
Benefit payments, including refund to employee contributions	<u>(84,678)</u>
Net changes	<u>49,409</u>
Balances as of June 30, 2021	\$ <u><u>1,282,590</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

G. Sensitivity of the Total OPEB Liability to Change in the Discount Rate

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

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Total OPEB liability	\$ <u>1,414,735</u>	\$ <u>1,282,590</u>	\$ <u>1,163,281</u>

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

H. Sensitivity of the Total OPEB Liability to Change in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Town using the current healthcare cost trend rate, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>1,097,086</u>	\$ <u>1,282,590</u>	\$ <u>1,507,059</u>

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$59,564. At June 30, 2021, the Town reported deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 34,727	\$ 571,173
Changes in assumptions or other inputs	<u>256,925</u>	<u>33,859</u>
Total	\$ <u>291,652</u>	\$ <u>605,032</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2022	\$ (25,666)
2023	(25,666)
2024	(25,666)
2025	(25,666)
2026	(25,666)
Thereafter	(185,050)

Other Post Employment Benefit - Connecticut State Teachers Retirement Plan

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers’ Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers Retirement Board (TRB), if they choose to be covered.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

B. Benefit Provisions

There are two types of the health care benefits offered through the System. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer, and the CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

Any member who is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan.

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB-sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

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

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut Statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Employer (School Districts)

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

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$38,820 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related state support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town’s proportionate share of the net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>3,740,430</u>
Total	<u>\$ 3,740,430</u>

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

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$172,779 in Exhibit II.

F. Actuarial Assumptions

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

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2021

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.42%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; employee contributions will be made at the current member contribution rate and that contributions for future members were used to reduce the estimated amount of total service costs for plan members. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 and, as a result, the Municipal Bond Index Rate was used in the determination.

H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

11. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to employees; or acts of God. The Town purchases commercial insurance for all risks of loss except workers' compensation and liability-automobile-property insurance, for which it participates in risk-sharing pools. During the year ended June 30, 2021, deductibles paid by the Town were insignificant. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage during the past three years. In addition, there have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

The Town is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies that was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program.

Workers' Compensation Plan

The Town is a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence.

Liability-Automobile-Property Pool

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

Insurance Consortium

The Town of Hebron and the Hebron Board of Education is a member of the Regional School District 8 Health and Medical Insurance Consortium (the Consortium). The members consist of the Town of Andover, the Town of Hebron, the Town of Marlborough (collectively, the Towns), the Andover Board of Education, the Hebron Board of Education, the Marlborough Board of Education (collectively, the Boards), Connecticut Regional School District Number 8 (RHAM) and Andover, Hebron and Marlborough Youth and Family Services (AHM). Pursuant to Connecticut Public Act 10-174, a municipality or local or regional board of education may join together with any combination of other municipalities and local or regional boards of education by written agreement as a single entity for the purpose of providing medical or health care benefits for their employees and eligible retirees (Enrollees). The Consortium collectively procures health care insurance for their respective enrollees in a manner designed to stabilize and contain the cost of such insurance. Effective July 1, 2017, the Consortium members share the claims risk associated with being self-insured. Each entity deposits their monthly premium in the Consortium bank account. Each fiscal year, the Consortium is audited by an independent auditor. Any withdrawing member shall be responsible for its pro rata share of any plan deficit that exists on the date of the withdrawal.

Amounts paid to the Consortium by the Town, including the Board of Education totaled \$1,993,603.

12. COMMITMENTS AND CONTINGENCIES

Legal and Other

There are several lawsuits pending against the Town. The outcome and eventual liability to the Town, if any, in these cases is not known at this time. The Town's management, based upon consultation with legal counsel, estimates that potential claims against the Town, not covered by insurance, resulting from such litigation would not materially affect the financial position of the Town.

**TOWN OF HEBRON, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

13. GASB 84 - RESTATEMENT

The Town previously reported the activities of the Student Activity Agency Fund, Performance Bonds, the Escrow Fund and the Pension Trust Fund as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Performance Bonds are reported with the general fund activities, the Student Activity Fund and Escrow Fund are reported as special revenue funds and the Pension Trust Fund is no longer reported as it did not meet the definition as a fiduciary fund in accordance with GASB Statement No. 84. Accordingly, the Town increased the beginning assets and liabilities of the General Fund by \$63,313, and thus no effect to the beginning fund balance. The Town created new special revenue funds for the Student Activity Fund and the Escrow Fund, thus increasing assets and fund balance of \$29,477 and is not reporting the Pension Trust Fund decreasing net position by \$4,591,629. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

Governmental Funds:	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
Balance as previously reported June 30, 2020	\$ 60,658,350	\$ 2,188,898
Adjustment:		
Student Activities Fund now reported as a Special Revenue Fund	23,948	23,948
Escrow Fund now reported as a Special Revenue Fund	<u>5,529</u>	<u>5,529</u>
Balance as restated July 1, 2020	<u>\$ 60,687,827</u>	<u>\$ 2,218,375</u>
Fiduciary Funds:	Agency Funds	Pension Trust Funds
Balance as previously reported June 30, 2020	\$ 92,790	4,591,629
Adjustments:		
Student Activities Fund now reported as a Special Revenue Fund	(23,948)	
Escrow Fund now reported as a Special Revenue Fund	(5,529)	
Performance Bonds now reported in the General Fund	(63,313)	
Pension Trust Fund not required to be reported	<u> </u>	<u>(4,591,629)</u>
Balance as restated July 1, 2020	<u>\$ -</u>	<u>\$ -</u>

Required Supplementary Information

This page is intentionally left blank.

**TOWN OF HEBRON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Property Taxes				
Taxes, interest and lien fees	\$ 28,208,572	\$ 28,208,572	\$ 29,586,516	\$ 1,377,944
Licenses, Fees and Charges				
ZBA	500	500	375	(125)
Wetland fees	1,000	1,000	895	(105)
Building	125,000	125,000	161,504	36,504
Town clerk fees	17,000	17,000	21,192	4,192
Recording fees	48,000	48,000	85,416	37,416
Sportsmen's licenses	500	500	1,467	967
Conveyance tax	93,000	93,000	161,112	68,112
Planning and zoning fees	9,000	9,000	9,408	408
Compactor/Recycling	70,000	70,000	81,518	11,518
Senior center transportation fees	3,100	3,100	640	(2,460)
Parking ticket fines			240	240
Notary fees	1,500	1,500	1,155	(345)
Dog fund	5,500	5,500	3,404	(2,096)
Animal population control fund	2,000	2,000	1,290	(710)
Library	28,000	28,000	33,976	5,976
Town clerk MERS ST			(2,057)	(2,057)
Engineering fees	1,000	1,000		(1,000)
Blasting permits	50	50	5	(45)
Xerox	1,100	1,100	105	(995)
Soil and water conservation	1,400	1,400	1,682	282
Records preservation			(256)	(256)
Education fee assessment	500	500	3,598	3,098
Permit software fees			8,120	8,120
PA CIP funding	4,000	4,000	3,654	(346)
Ambulance service	221,000	221,000	335,194	114,194
Plotter/Copier fees	800	800	168	(632)
State trooper private duty reimbursement	16,800	16,800	1,392	(15,408)
Farmland preservation	300	300	(1,152)	(1,452)
Total licenses, fees and charges	<u>651,050</u>	<u>651,050</u>	<u>914,045</u>	<u>262,995</u>
Intergovernmental revenues:				
State of Connecticut:				
Education equalization grant	5,997,693	5,997,693	6,003,855	6,162
Special education			8,498	8,498
Telecommunications pers.	18,000	18,000	13,614	(4,386)
PILOT - state property	7,647	7,647	7,647	-
Municipal stabilization grant	125,020	125,020	125,020	-
Totally disabled grant	650	650	534	(116)
Tax relief - additional veterans grant	3,700	3,700		(3,700)
Municipal projects grant	2,216	2,216	2,216	-
Civil preparedness	4,600	4,600		(4,600)
Miscellaneous state grants	1,600	1,600	360	(1,240)
Town aid road fund	240,791	240,791	240,936	145
Mashantucket Pequot grant	3,350	3,350	3,349	(1)
Computer equipment grant			6,658	6,658
Muni CRF reimbursement			68,306	68,306
Property tax relief grant			2,896	2,896
Federal reimbursement			6,634	6,634
Area aging grant			7,500	7,500
Total intergovernmental revenues	<u>6,405,267</u>	<u>6,405,267</u>	<u>6,498,023</u>	<u>92,756</u>

(Continued on next page)

**TOWN OF HEBRON, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Income from investments	\$ 61,000	\$ 61,000	\$ 47,503	\$ (13,497)
Other revenues:				
Housing authority	4,400	4,400		(4,400)
CRRRA/Eversource recycling rebate				-
Elderly van	9,682	9,682		(9,682)
EMS reimbursable costs	3,000	3,000		(3,000)
Hebron harvest fair	7,687	7,687		(7,687)
Elderly demand respond	26,000	26,000	24,168	(1,832)
Miscellaneous	6,500	6,500	12,505	6,005
CIRMA equity	5,000	5,000	9,840	4,840
Senior center physical fitness	3,500	3,500		(3,500)
RHAM CNG reimbursement	100,000	100,000	37,328	(62,672)
Other (health dept.), (taxes overpaid)	500	500		(500)
Total other revenues	<u>166,269</u>	<u>166,269</u>	<u>83,841</u>	<u>(82,428)</u>
Total Revenues	<u>35,492,158</u>	<u>35,492,158</u>	<u>37,129,928</u>	<u>1,637,770</u>
Other financing sources:				
Transfers in:				
WPCA reimbursement	20,000	20,000	20,000	-
Hebron park	25,000	25,000	10,000	(15,000)
Debt management	200,000	200,000		(200,000)
Total other financing sources	<u>245,000</u>	<u>245,000</u>	<u>30,000</u>	<u>(215,000)</u>
Total Revenues and Other Financing Sources	<u>\$ 35,737,158</u>	<u>\$ 35,737,158</u>	<u>37,159,928</u>	<u>\$ 1,422,770</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted				
Pension Plan			1,608,558	
OPEB Plan			38,820	
The Board of Education does not budget for intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for GAAP financial statement purposes.				
			<u>8,498</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 38,815,804</u>	

**TOWN OF HEBRON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General government:				
Payroll:				
Clerical	\$ 498,439	\$ 498,439	\$ 496,037	\$ 2,402
Administration	657,952	657,952	707,403	(49,451)
Health and welfare	151,901	151,901	151,890	11
Public safety	102,966	102,966	96,215	6,751
Library	164,938	164,938	164,923	15
Recreation	257,660	257,660	244,644	13,016
Public works	779,289	779,289	761,240	18,049
Elected officials	68,220	68,220	68,216	4
Fire marshal	72,011	72,011	72,010	1
27th P/R allotment	13,862	13,862	13,862	-
Contractual commitments	6,000	6,000	6,000	-
Total payroll	<u>2,773,238</u>	<u>2,773,238</u>	<u>2,782,440</u>	<u>(9,202)</u>
Selectmen's office	52,045	52,045	37,688	14,357
Central services	39,600	39,600	35,102	4,498
Legal	42,000	24,900	16,873	8,027
Central computer services	71,500	92,988	91,591	1,397
Town buildings	64,675	86,098	83,327	2,771
Boards and commissions	75	255	180	75
Board of finance	37,000	56,575	56,575	-
Financial administrator	3,105	3,105	460	2,645
Tax collector	17,520	17,520	17,236	284
Assessor	26,800	26,800	24,631	2,169
Town clerk's office	29,500	29,500	16,862	12,638
Supplemental		106,180	106,180	-
Registrar of voters	53,946	53,946	40,059	13,887
Total	<u>437,766</u>	<u>589,512</u>	<u>526,764</u>	<u>62,748</u>
Total general government	<u>3,211,004</u>	<u>3,362,750</u>	<u>3,309,204</u>	<u>53,546</u>
Public safety:				
Police administration	369,353	369,353	344,197	25,156
Fire administration	459,112	435,612	398,923	36,689
Fire marshal	26,817	26,817	5,860	20,957
Burning official	1,478	1,510	1,480	30
Emergency management	15,334	15,334	14,104	1,230
Animal control	33,284	33,284	31,898	1,386
Ambulance service	156,378	225,478	216,934	8,544
Total public safety	<u>1,061,756</u>	<u>1,107,388</u>	<u>1,013,396</u>	<u>93,992</u>

(Continued on next page)

**TOWN OF HEBRON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Civic and human service:				
Community agency donations	\$ 129,540	\$ 129,540	\$ 129,540	\$ -
Regional health district assessment	119,014	119,014	119,013	1
Library	274,125	274,125	255,819	18,306
Van - disabled	58,848	58,848	37,381	21,467
Senior center	31,073	31,073	16,991	14,082
Probate court	2,700	2,700	2,480	220
Recreation program	136,158	136,158	127,065	9,093
Memorial day	500	500	500	-
Total civic and human service	<u>751,958</u>	<u>751,958</u>	<u>688,789</u>	<u>63,169</u>
Planning and land use:				
Economic development	32,455	32,455	27,821	4,634
Planning and development	140,490	140,490	112,689	27,801
Total planning and land use	<u>172,945</u>	<u>172,945</u>	<u>140,510</u>	<u>32,435</u>
Public works:				
Highways and grounds administration	257,549	278,719	273,616	5,103
Town yard and garage	59,884	52,883	45,351	7,532
Street services	492,404	492,404	480,232	12,172
Solid waste, recycling, bulky	211,476	211,476	204,933	6,543
Total public works	<u>1,021,313</u>	<u>1,035,482</u>	<u>1,004,132</u>	<u>31,350</u>
Sewer fees:				
Town property user fees	9,800	14,280	14,280	-
Total sewer fees	<u>9,800</u>	<u>14,280</u>	<u>14,280</u>	<u>-</u>
Insurance and benefits:				
Insurance	330,500	330,500	322,440	8,060
Employee benefits	1,279,941	1,394,002	1,376,498	17,504
Total insurance and benefits	<u>1,610,441</u>	<u>1,724,502</u>	<u>1,698,938</u>	<u>25,564</u>
Total Town	<u>7,839,217</u>	<u>8,169,305</u>	<u>7,869,249</u>	<u>300,056</u>
Debt service:				
Town	722,833	544,999	521,377	23,622
Sewers	236,100	137,795	124,900	12,895
Computer service	25,000	26,400	29,135	(2,735)
Total debt services	<u>983,933</u>	<u>709,194</u>	<u>675,412</u>	<u>33,782</u>

(Continued on next page)

**TOWN OF HEBRON, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Education:				
RHAM assessment	\$ 14,453,424	\$ 14,453,425	\$ 14,453,425	\$ -
HES education	11,561,416	11,561,416	11,386,957	174,459
Total education	<u>26,014,840</u>	<u>26,014,841</u>	<u>25,840,382</u>	<u>174,459</u>
Total expenditures	<u>34,837,990</u>	<u>34,893,340</u>	<u>34,385,043</u>	<u>508,297</u>
Other financing uses:				
Transfers out:				
Land acquisition fund	140,000	140,000	140,000	-
Revaluation fund	50,000	50,000	50,000	-
Capital improvement fund	<u>709,168</u>	<u>709,168</u>	<u>709,168</u>	<u>-</u>
Total other financing uses	<u>899,168</u>	<u>899,168</u>	<u>899,168</u>	<u>-</u>
Total Expenditures and Other Financing Uses	\$ <u>35,737,158</u>	\$ <u>35,792,508</u>	35,284,211	\$ <u>508,297</u>

Budgetary expenditures are different than GAAP expenditures because:
State of Connecticut on-behalf payments to the Connecticut State Teachers'
Retirement System for Town teachers are not budgeted

Pension	1,608,558
OPEB	38,820
Transfer out elimination	(50,000)
Miscellaneous grants not budgeted	8,498
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	<u>534,581</u>

Total Expenditures and Other Financing Uses as Reported on the Statement
of Revenues, Expenditures and Changes in Fund Balances - Governmental
Funds - Exhibit IV

\$ 37,424,668

**TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SEVEN FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>25,078,304</u>	<u>23,058,134</u>	<u>17,779,161</u>	<u>18,493,000</u>	<u>19,510,000</u>	<u>16,380,000</u>	<u>15,140,000</u>
Total	<u>\$ 25,078,304</u>	<u>\$ 23,058,134</u>	<u>\$ 17,779,161</u>	<u>\$ 18,493,000</u>	<u>\$ 19,510,000</u>	<u>\$ 16,380,000</u>	<u>\$ 15,140,000</u>
Town's covered payroll	\$ 6,218,225	\$ 5,628,508	\$ 5,505,000	\$ 6,039,000	\$ 5,851,000	\$ 5,428,000	\$ 5,456,000
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.
Amounts are determined as of one year prior to the reporting date.

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

**TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:				
Service cost	\$ 62,800	\$ 58,141	\$ 51,854	\$ 52,430
Interest	27,710	53,951	55,111	50,537
Differences between expected and actual experience	37,319	(589,370)	(47,763)	(32,997)
Changes of assumptions and other inputs	6,258	237,750	56,992	(45,051)
Benefit payments	(84,678)	(12,297)	(6,721)	(17,106)
Net change in total OPEB	<u>49,409</u>	<u>(251,825)</u>	<u>109,473</u>	<u>7,813</u>
Total OPEB liability - Beginning	<u>1,233,181</u>	<u>1,485,006</u>	<u>1,375,533</u>	<u>1,367,720</u>
Total OPEB Liability - Ending	<u>\$ 1,282,590</u>	<u>\$ 1,233,181</u>	<u>\$ 1,485,006</u>	<u>\$ 1,375,533</u>
Covered payroll	\$ 7,655,044	\$ 7,461,057	\$ 8,572,230	\$ 8,355,000
Total OPEB liability as a percentage of covered payroll	16.75%	16.53%	17.32%	16.46%

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

Notes to Schedule:

Benefit changes: None

Assumption changes:

Investment rate of return 2.16%; Prior: 2.21%

Mortality 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.
Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017

**TOWN OF HEBRON, CONNECTICUT
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
 TEACHERS RETIREMENT PLAN
 LAST FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>3,740,430</u>	<u>3,596,047</u>	<u>3,554,150</u>	<u>4,760,000</u>
Total	<u>\$ 3,740,430</u>	<u>\$ 3,596,047</u>	<u>\$ 3,554,150</u>	<u>\$ 4,760,000</u>
Town's covered payroll	\$ 6,218,225	\$ 5,628,508	\$ 5,505,000	\$ 6,039,000
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

<p>Changes in benefit terms Changes of assumptions</p>	<p>None Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; Long-term health care cost trend rates were updated; The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and, The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated</p>
<p>Actuarial cost method Amortization method Remaining amortization period Asset valuation method Investment rate of return Price inflation</p>	<p>Entry age Level percent of payroll over an open period 30 years Market value of assets 3.00%, net of investment related expense including price inflation 2.75%</p>

* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available. Amounts are determined as of one year prior to the reporting date.

**Supplemental, Combining
and Individual Fund
Statements and Schedules**

This page is intentionally left blank.

General Fund

GENERAL FUND

The General Fund is the general operating fund of the Town. It is used to account for all unrestricted resources, except those required to be accounted for in another fund. It accounts for all activities in relation to the normal recurring operations of the Town. These activities are funded principally by property taxes, user fees and grants from other governmental units.

TOWN OF HEBRON, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021

Grand List	Uncollected Taxes July 1, 2020	Lawful Corrections		Transfers to Suspense	Net Amount Collectible	Collections			Uncollected Taxes June 30, 2021	
		Additions	Deductions			Tax Paid	Interest Paid	Lien Fees Paid		Total
2005	\$ 13,357	\$	\$	\$	\$ 13,357	\$	\$	\$	\$ 13,357	
2006	15,765		110		15,655	2,191	1,679	24	13,464	
2007	15,926				15,926	151	273	5	15,775	
2008	34,303				34,303	7,733	4,383	5	26,570	
2009	49,063				49,063	7,431	14,918	31	41,632	
2010	72,690				72,690	11,100	17,178	77	61,590	
2011	92,166				92,166	12,276	17,786	106	79,890	
2012	143,232				143,232	49,995	57,316	275	93,237	
2013	174,139				174,139	57,813	56,361	353	116,326	
2014	243,789				243,789	62,421	55,585	288	181,368	
2015	211,618				211,618	61,545	41,993	312	150,073	
2016	302,654	587	4,441		298,800	86,802	47,992	384	211,998	
2017	372,779		310		372,469	136,342	51,274	432	236,127	
2018	752,194	1,529	3,971		749,752	441,446	83,944	20	308,306	
2019	28,612,602	25,755	72,979		28,565,378	28,098,991	78,344	82	466,387	
Total	\$ 31,106,277	\$ 27,871	\$ 81,811	\$ -	\$ 31,052,337	\$ 29,036,237	\$ 529,026	\$ 2,394	\$ 29,567,657	\$ 2,016,100

This page is intentionally left blank.

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditures for specified purposes.

Hebron Park Fund

To account for revenue from the cell tower antenna.

Miscellaneous Grant Fund

To account for grants related to various activities.

Sewer Assessment Fund

To account for the collection of sewer use charges and inspection fees that finance the operating expenditures of the wastewater treatment facility.

WPCA Sewer Operations Fund

To account for the operations of the WPCA.

Marian Celio Angel Fund

To account for donations for seniors who have hardship and need assistance.

Douglas Library Fund

To account for small donations made to benefit the Library.

Recreation Fund

To account for program revenue and expenditures.

EMS Fund

To account for operations related to ambulance services.

Tri-Centennial Commission Fund

To account for a Town-wide celebration for the 300th anniversary of Hebron's establishment in 1708.

Public Safety Fund

To account for reimbursement for payroll related expenditures incurred for the School Resource Officer program at the Town's regional school district.

Small Cities Grant Fund

To account for U.S. Housing and Urban Development grants related to the Community Development Block Grants.

Historic Records Preservation Fund

To account for funds related to fees collected by the Town Clerk for historic records preservation.

Debt Management Fund

To account for the accumulation of reserves to stabilize the effect on the mill rate of future debt service requirements.

Educational Grants Fund

To account for revenues and expenditures related to State and Federal educational grants.

Cafeteria Fund

To account for the operations of the school lunch program.

Senior Center Fitness Fund

To account for the operations of senior center fitness programs.

Student Activities Fund

To account for the operations of student activity programs.

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS

Capital Project funds account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure projects. These funds are supported primarily by debt and grants.

Land Acquisition Fund

To account for financial resources for the acquisition of land held for open space.

Marjorie Circle Bridge Grant Fund

To account for grant revenue and related capital outlays for repairs and construction of the Marjorie Circle Bridge.

PERMANENT FUNDS

Permanent funds account for financial resources That are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the Town's program.

Cemetery Fund

To account for funds donated for the upkeep of various cemeteries in Town.

This page is intentionally left blank.

**TOWN OF HEBRON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	Special Revenue							
	Hebron Park Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	WPCA Sewer Operations Fund	Marian Celio Angel Fund	Douglas Library Fund	Recreation Fund	EMS Fund
ASSETS								
Cash and cash equivalents	\$ 26,474		\$ 98,573	\$ 790,552	\$ 107,921	\$ 46,618	\$ 107,020	\$ 3,784
Receivables:								
Sewer assessments, net			32,548					
Sewer user charges, net				132,506				
Intergovernmental		25,736						
Other							25,040	
Supplies								
Total Assets	<u>\$ 26,474</u>	<u>\$ 25,736</u>	<u>\$ 131,121</u>	<u>\$ 923,058</u>	<u>\$ 107,921</u>	<u>\$ 46,618</u>	<u>\$ 132,060</u>	<u>\$ 3,784</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$		\$	\$ 156,481	\$		\$	\$
Due to other funds		50,702						
Unearned revenue						16,844	21,970	
Total liabilities	<u>-</u>	<u>50,702</u>	<u>-</u>	<u>156,481</u>	<u>-</u>	<u>16,844</u>	<u>21,970</u>	<u>-</u>
Deferred inflows of resources:								
Unavailable revenue - special assessments			32,549					
Unavailable revenue - special user charges				130,406				
Unavailable revenue - grants		25,736						
Total deferred inflows of resources	<u>-</u>	<u>25,736</u>	<u>32,549</u>	<u>130,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:								
Nonspendable								
Restricted					107,921	29,774		
Committed	26,474		98,572	636,171			110,090	3,784
Unassigned		(50,702)						
Total fund balances	<u>26,474</u>	<u>(50,702)</u>	<u>98,572</u>	<u>636,171</u>	<u>107,921</u>	<u>29,774</u>	<u>110,090</u>	<u>3,784</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,474</u>	<u>\$ 25,736</u>	<u>\$ 131,121</u>	<u>\$ 923,058</u>	<u>\$ 107,921</u>	<u>\$ 46,618</u>	<u>\$ 132,060</u>	<u>\$ 3,784</u>

(Continued on next page)

**TOWN OF HEBRON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2021**

	Special Revenue						
	Tri-Centennial Commission Fund	Police Safety Fund	Small Cities Grant Fund	Historic Records Preservation Fund	Debt Management Fund	Escrow Fund	Student Activities Fund
ASSETS							
Cash and cash equivalents	\$ 873	\$ 124,030	\$ 17,254	\$ 23,290	\$ 813,627	\$ 5,529	\$ 15,006
Receivables:							
Sewer assessments, net							
Sewer user charges, net							
Intergovernmental							
Other							
Supplies							
Total Assets	<u>\$ 873</u>	<u>\$ 124,030</u>	<u>\$ 17,254</u>	<u>\$ 23,290</u>	<u>\$ 813,627</u>	<u>\$ 5,529</u>	<u>\$ 15,006</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Due to other funds							
Unearned revenue		9,584					
Total liabilities	<u>-</u>	<u>9,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:							
Unavailable revenue - special assessments							
Unavailable revenue - special user charges							
Unavailable revenue - grants							
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Nonspendable							
Restricted			17,254				
Committed	873	114,446		23,290	813,627	5,529	15,006
Unassigned							
Total fund balances	<u>873</u>	<u>114,446</u>	<u>17,254</u>	<u>23,290</u>	<u>813,627</u>	<u>5,529</u>	<u>15,006</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 873</u>	<u>\$ 124,030</u>	<u>\$ 17,254</u>	<u>\$ 23,290</u>	<u>\$ 813,627</u>	<u>\$ 5,529</u>	<u>\$ 15,006</u>

(Continued on next page)

**TOWN OF HEBRON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2021**

			Capital Projects		Permanent	Total Nonmajor Governmental Funds
	Education Grants Fund	Cafeteria Fund	Land Acquisition Fund	Marjorie Circle Bridge Grant Fund	Cemetery Fund	
ASSETS						
Cash and cash equivalents	\$ 22,052	\$ 19,664	\$ 473,658	\$ 54,120	\$ 12,319	\$ 2,762,364
Receivables:						
Sewer assessments, net						32,548
Sewer user charges, net						132,506
Intergovernmental	5,563	26,418				57,717
Other						25,040
Supplies		7,413				7,413
Total Assets	<u>\$ 27,615</u>	<u>\$ 53,495</u>	<u>\$ 473,658</u>	<u>\$ 54,120</u>	<u>\$ 12,319</u>	<u>\$ 3,017,588</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 189	\$ 14,297	\$ -	\$ 54,120	\$ -	\$ 225,087
Due to other funds						50,702
Unearned revenue						48,398
Total liabilities	<u>189</u>	<u>14,297</u>	<u>-</u>	<u>54,120</u>	<u>-</u>	<u>324,187</u>
Deferred inflows of resources:						
Unavailable revenue - special assessments						32,549
Unavailable revenue - special user charges						130,406
Unavailable revenue - grants						25,736
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>188,691</u>
Fund balances:						
Nonspendable		7,413			5,945	13,358
Restricted	27,426				6,374	188,749
Committed		31,785	473,658			2,353,305
Unassigned						(50,702)
Total fund balances	<u>27,426</u>	<u>39,198</u>	<u>473,658</u>	<u>-</u>	<u>12,319</u>	<u>2,504,710</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,615</u>	<u>\$ 53,495</u>	<u>\$ 473,658</u>	<u>\$ 54,120</u>	<u>\$ 12,319</u>	<u>\$ 3,017,588</u>

TOWN OF HEBRON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds						
	Hebron Park Fund	Miscellaneous Grants Fund	Sewer Assessment Fund	WPCA Sewer Operations Fund	Marian Celio Angel Fund	Douglas Library Fund	Recreation Fund
Revenues:							
Charges for services	\$ 94,122		\$ 19,790	\$ 635,054		\$ 173	\$ 181,005
Intergovernmental		97,889					
Income from investments				223			
Other					10,890	3,629	
Total revenues	<u>94,122</u>	<u>97,889</u>	<u>19,790</u>	<u>635,277</u>	<u>10,890</u>	<u>3,802</u>	<u>181,005</u>
Expenditures:							
Current:							
General government							
Public safety							
Public works		725					
Civic and human service	99,614	71,283			1,400	892	128,289
Sewer fees				534,776			
Education		22,800					
Capital outlay							
Total expenditures	<u>99,614</u>	<u>94,808</u>	<u>-</u>	<u>534,776</u>	<u>1,400</u>	<u>892</u>	<u>128,289</u>
Excess (Deficiency) of Revenues over Expenditures	(5,492)	3,081	19,790	100,501	9,490	2,910	52,716
Other Financing Sources:							
Transfers in							
Transfers out	(10,000)			(20,000)			
Net other financing sources	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(15,492)	3,081	19,790	80,501	9,490	2,910	52,716
Fund Balances at Beginning of Year, as Restated	<u>41,966</u>	<u>(53,783)</u>	<u>78,782</u>	<u>555,670</u>	<u>98,431</u>	<u>26,864</u>	<u>57,374</u>
Fund Balances at End of Year	<u>\$ 26,474</u>	<u>\$ (50,702)</u>	<u>\$ 98,572</u>	<u>\$ 636,171</u>	<u>\$ 107,921</u>	<u>\$ 29,774</u>	<u>\$ 110,090</u>

(Continued on next page)

TOWN OF HEBRON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Funds						
	EMS Fund	Tri-Centennial Commission Fund	Police Safety Fund	Small Cities Grant Fund	Historic Records Preservation Fund	Debt Management Fund	Escrow Fund
Revenues:							
Charges for services	\$	\$	\$ 84,068	\$	\$ 8,124	\$	\$ 540
Intergovernmental				8,792	5,500		
Income from investments						915	
Other							
Total revenues	<u>-</u>	<u>-</u>	<u>84,068</u>	<u>8,792</u>	<u>13,624</u>	<u>915</u>	<u>540</u>
Expenditures:							
Current:							
General government							540
Public safety			99,623				
Public works							
Civic and human service				18,202	318		
Sewer fees							
Education							
Capital outlay			745				
Total expenditures	<u>-</u>	<u>-</u>	<u>100,368</u>	<u>18,202</u>	<u>318</u>	<u>-</u>	<u>540</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	(16,300)	(9,410)	13,306	915	-
Other Financing Sources:							
Transfers in							
Transfers out							
Net other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(16,300)	(9,410)	13,306	915	-
Fund Balances at Beginning of Year, as Restated	<u>3,784</u>	<u>873</u>	<u>130,746</u>	<u>26,664</u>	<u>9,984</u>	<u>812,712</u>	<u>5,529</u>
Fund Balances at End of Year	<u>\$ 3,784</u>	<u>\$ 873</u>	<u>\$ 114,446</u>	<u>\$ 17,254</u>	<u>\$ 23,290</u>	<u>\$ 813,627</u>	<u>\$ 5,529</u>

(Continued on next page)

**TOWN OF HEBRON, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds			Capital Project Funds		Permanent Fund	Total Nonmajor Governmental Funds
	Student Activities Fund	Education Grant Fund	Cafeteria Fund	Land Acquisition Fund	Marjorie Circle Bridge Grant Fund	Cemetery Fund	
Revenues:							
Charges for services	\$ 4,308	\$ 210,157	\$ 254,923	\$ 280	\$ -	\$ -	\$ 1,492,544
Intergovernmental		851,324					963,505
Income from investments				136		49	1,323
Other							14,519
Total revenues	<u>4,308</u>	<u>1,061,481</u>	<u>254,923</u>	<u>416</u>	<u>-</u>	<u>49</u>	<u>2,471,891</u>
Expenditures:							
Current:							
General government				3,500			4,040
Public safety							99,623
Public works							725
Civic and human service							319,998
Sewer fees							534,776
Education	13,250	1,053,946	245,583				1,335,579
Capital outlay				70			815
Total expenditures	<u>13,250</u>	<u>1,053,946</u>	<u>245,583</u>	<u>3,570</u>	<u>-</u>	<u>-</u>	<u>2,295,556</u>
Excess (Deficiency) of Revenues over Expenditures	(8,942)	7,535	9,340	(3,154)	-	49	176,335
Other Financing Sources:							
Transfers in				140,000			140,000
Transfers out							(30,000)
Net other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>110,000</u>
Net Change in Fund Balances	(8,942)	7,535	9,340	136,846	-	49	286,335
Fund Balances at Beginning of Year, as Restated	<u>23,948</u>	<u>19,891</u>	<u>29,858</u>	<u>336,812</u>	<u>-</u>	<u>12,270</u>	<u>2,218,375</u>
Fund Balances at End of Year	<u>\$ 15,006</u>	<u>\$ 27,426</u>	<u>\$ 39,198</u>	<u>\$ 473,658</u>	<u>\$ -</u>	<u>\$ 12,319</u>	<u>\$ 2,504,710</u>

Statistical Section

STATISTICAL SECTION

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

Financial trends information is intended to assist users in understanding and assessing how financial position has changed over time.

Revenue capacity information is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).

Debt capacity information is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.

Demographic and economic information is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.

Operating information is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

**TOWN OF HEBRON, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Net investment in capital assets	\$ 50,876,492	\$ 50,193,922	\$ 49,214,530	\$ 48,503,314	\$ 47,858,671	\$ 47,427,008	\$ 47,622,263	\$ 48,321,951	\$ 48,869,955	\$ 49,016,212
Restricted	194,694	178,175	331,571	272,482	214,401	263,310	234,737	205,419	220,384	309,702
Unrestricted	<u>11,846,238</u>	<u>10,286,253</u>	<u>10,051,972</u>	<u>10,425,179</u>	<u>10,786,072</u>	<u>9,505,490</u>	<u>8,479,844</u>	<u>7,087,168</u>	<u>6,146,256</u>	<u>5,215,082</u>
Total Governmental Activities Net Position	<u>\$ 62,917,424</u>	<u>\$ 60,658,350</u>	<u>\$ 59,598,073</u>	<u>\$ 59,200,975</u>	<u>\$ 58,859,144</u>	<u>\$ 57,195,808</u>	<u>\$ 56,336,844</u>	<u>\$ 55,614,538</u>	<u>\$ 55,236,595</u>	<u>\$ 54,540,996</u>

Source: Town ACFR

**TOWN OF HEBRON, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental activities:										
General government	\$ 6,084,767	\$ 5,670,997	\$ 5,185,180	\$ 4,852,884	\$ 4,511,393	\$ 4,552,210	\$ 4,325,420	\$ 4,117,694	\$ 4,105,884	\$ 4,113,942
Public safety	1,390,589	1,204,724	1,266,713	1,270,103	1,441,755	1,300,518	1,268,629	1,236,938	1,352,665	1,248,307
Public works	1,214,859	1,265,740	1,979,840	1,669,748	1,575,925	2,022,744	1,857,033	1,733,671	1,654,957	1,458,867
Civic and human services	1,016,298	1,541,948	2,101,842	1,921,900	2,125,803	1,839,435	1,608,290	1,558,576	1,535,361	1,638,036
Planning and land use	158,069	121,671	174,851	147,348	143,330	158,110	117,273	124,735	118,139	100,104
Sewer fees	549,056	709,663	446,183	289,147	337,576	303,075	320,260	411,358	453,042	579,075
Education	31,350,924	30,631,597	29,041,681	30,472,350	29,294,870	29,639,014	29,994,930	29,023,083	28,109,170	27,626,247
Interest on long-term debt	341,571	95,687	151,402	193,475	210,015	201,214	372,985	325,736	297,814	410,111
Total Expenses	<u>42,106,133</u>	<u>41,242,027</u>	<u>40,347,692</u>	<u>40,816,955</u>	<u>39,640,667</u>	<u>40,016,320</u>	<u>39,864,820</u>	<u>38,531,791</u>	<u>37,627,032</u>	<u>37,174,689</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
Governmental activities:										
General government	535,086	388,294	416,959	473,526	847,306	600,786	470,801	436,543	505,267	452,726
Public safety	425,348	411,045	378,367	409,211	382,534	293,785	273,482	270,560	274,342	224,688
Public works	280	7,444	52,024	68,185	53,039	31,449	3,345	6,820	14,896	6,642
Civic and human services	318,043	496,463	629,256	682,382	694,804	640,935	638,533	628,653	653,200	726,716
Planning and land use	-	-	11,195	6,439	9,009	18,070	9,235	6,252	1,999	11,079
Sewer fees	662,346	339,538	408,288	742,426	508,555	343,774	421,331	511,709	633,847	620,627
Education	472,986	326,057	524,981	347,434	383,681	285,663	484,352	181,824	232,498	237,789
Operating grants and contributions	10,880,367	9,547,912	8,521,456	9,506,291	8,941,245	9,229,128	9,183,357	9,117,829	9,150,964	8,885,716
Capital grants and contributions	1,707,044	1,640,739	592,252	670,384	643,547	702,373	637,473	438,530	611,266	974,104
Total Program Revenues	<u>15,001,500</u>	<u>13,157,492</u>	<u>11,534,778</u>	<u>12,906,278</u>	<u>12,463,720</u>	<u>12,145,963</u>	<u>12,121,909</u>	<u>11,598,720</u>	<u>12,078,279</u>	<u>12,140,087</u>
Net Expenses:										
Governmental activities	<u>(27,104,633)</u>	<u>(28,084,535)</u>	<u>(28,812,914)</u>	<u>(27,910,677)</u>	<u>(27,176,947)</u>	<u>(27,870,357)</u>	<u>(27,742,911)</u>	<u>(26,933,071)</u>	<u>(25,548,753)</u>	<u>(25,034,602)</u>
General Revenues and Other Changes in Net Assets:										
Governmental activities:										
Property taxes	29,146,330	28,817,078	28,897,985	28,447,338	28,500,682	28,607,425	28,337,637	27,134,995	26,043,661	26,170,302
Grants and contributions not restricted to specific programs	128,369	128,370	128,370	100,627	293,076	89,921	104,649	157,572	186,142	104,092
Unrestricted investment earnings	48,988	109,650	183,657	88,263	46,525	31,975	22,931	18,447	14,548	16,150
Miscellaneous	10,543	89,714								
Total Governmental Activities	<u>29,334,230</u>	<u>29,144,812</u>	<u>29,210,012</u>	<u>28,636,228</u>	<u>28,840,283</u>	<u>28,729,321</u>	<u>28,465,217</u>	<u>27,311,014</u>	<u>26,244,351</u>	<u>26,290,544</u>
Changes in Net Position	<u>\$ 2,229,597</u>	<u>\$ 1,060,277</u>	<u>\$ 397,098</u>	<u>\$ 725,551</u>	<u>\$ 1,663,336</u>	<u>\$ 858,964</u>	<u>\$ 722,306</u>	<u>\$ 377,943</u>	<u>\$ 695,598</u>	<u>\$ 1,255,942</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

**TOWN OF HEBRON, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN YEARS**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund:										
Nonspendable	\$	\$ 10,876	\$	\$	\$	\$	\$	\$	\$	\$
Assigned	450,036	535,343	641,354	700,314	531,009	372,486	525,116	262,071	337,742	194,396
Unassigned	<u>8,009,795</u>	<u>6,206,926</u>	<u>6,554,970</u>	<u>6,758,878</u>	<u>7,211,752</u>	<u>6,650,032</u>	<u>5,809,658</u>	<u>5,210,642</u>	<u>4,123,853</u>	<u>3,084,946</u>
Total General Fund	<u>\$ 8,459,831</u>	<u>\$ 6,753,145</u>	<u>\$ 7,196,324</u>	<u>\$ 7,459,192</u>	<u>\$ 7,742,761</u>	<u>\$ 7,022,518</u>	<u>\$ 6,334,774</u>	<u>\$ 5,472,713</u>	<u>\$ 4,461,595</u>	<u>\$ 3,279,342</u>
All other governmental funds:										
Nonspendable	\$ 13,358	\$ 13,358	\$ 9,005	\$ 28,661	\$ 24,925	\$ 162,006	\$ 169,810	\$ 173,731	\$ 168,234	\$ 163,115
Restricted	188,749	178,175	322,566	475,976	1,288,270	105,119	71,476	47,228	62,193	298,833
Committed	8,390,362	3,649,168	2,819,368	2,691,117	2,515,127	2,057,931	1,961,270	1,710,461	1,899,324	2,085,658
Assigned		-	641,354							
Unassigned	<u>(50,702)</u>	<u>(53,783)</u>	<u>6,497,411</u>					<u>(22,151)</u>	<u>(22,151)</u>	<u>(9,003)</u>
Total all Other Governmental Funds	<u>\$ 8,541,767</u>	<u>\$ 3,786,918</u>	<u>\$ 10,289,704</u>	<u>\$ 3,195,754</u>	<u>\$ 3,828,322</u>	<u>\$ 2,325,056</u>	<u>\$ 2,202,556</u>	<u>\$ 1,909,269</u>	<u>\$ 2,107,600</u>	<u>\$ 2,538,603</u>

**TOWN OF HEBRON, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues:										
Property taxes	\$ 29,586,516	\$ 28,650,428	\$ 28,839,520	\$ 28,169,495	\$ 28,311,687	\$ 28,191,796	\$ 28,024,898	\$ 27,078,435	\$ 26,016,823	\$ 26,356,371
Intergovernmental	10,583,512	10,517,812	9,016,830	9,067,467	9,859,996	10,003,086	9,904,807	9,704,765	9,743,681	9,943,592
Charges for services	2,406,589	2,031,023	2,317,522	2,566,756	2,517,494	2,094,390	2,172,563	1,859,181	2,047,175	2,123,372
Income on investments	48,988	109,650	183,657	88,263	46,525	31,975	22,931	18,447	14,548	16,150
Other revenues	104,460	213,218	246,953	276,475	367,593	199,528	142,931	104,013	378,990	135,914
Total revenues	42,730,065	41,522,131	40,604,482	40,168,456	41,103,295	40,520,775	40,268,130	38,764,841	38,201,217	38,575,399
Expenditures:										
General government	3,332,586	3,207,759	3,105,110	3,029,952	3,111,904	3,065,695	2,809,980	2,646,254	2,675,743	2,688,835
Public safety	1,245,960	1,044,408	999,135	903,292	1,034,702	979,887	933,736	833,543	934,377	855,946
Public works	1,254,561	891,165	151,882	850,903	950,830	1,119,108	929,827	975,317	963,490	840,028
Civic and human services	1,029,910	1,204,127	1,108,918	1,328,424	1,480,587	1,320,479	1,242,954	1,202,394	1,191,593	1,282,464
Planning and land use	158,069	121,671	2,149,233	124,783	120,512	144,713	117,273	108,366	103,723	87,989
Sewer	549,056	709,663	446,183	289,147	337,576	290,010	320,260	331,144	354,023	373,354
Education	28,807,914	29,368,015	28,504,901	28,901,512	28,659,238	29,085,813	29,431,098	28,523,790	27,500,256	27,122,281
Insurance and benefits	1,691,873	1,525,302	1,369,520	1,379,971	1,387,591	1,339,685	1,272,418	1,203,852	1,125,058	1,105,978
Capital outlay	3,705,210	2,488,582	2,078,013	2,944,097	1,825,468	1,434,523	1,088,699	1,411,772	2,670,844	1,524,456
Debt service:										
Principal	646,035	628,406	936,690	1,155,085	1,000,247	971,905	909,496	820,041	952,787	1,630,182
Interest	189,648	82,674	120,139	177,427	183,131	196,389	209,053	320,995	281,095	320,378
Total expenditures	42,610,822	41,271,772	40,969,724	41,084,593	40,091,786	39,948,207	39,264,794	38,377,468	38,752,989	37,831,891
Excess of revenue over (under) expenditures	119,243	250,359	(365,242)	(916,137)	1,011,509	572,568	1,003,336	387,373	(551,772)	743,508
Other financing sources (uses):										
Transfers in	879,168	2,051,493	1,526,453	1,702,663	1,265,844	808,046	1,090,036	970,457	850,070	1,565,573
Transfers out	(879,168)	(2,051,493)	(1,526,453)	(1,702,663)	(1,265,844)	(808,046)	(1,090,036)	(970,457)	(850,070)	(1,565,573)
Capital lease issuance					100,000	100,000	140,000	378,487	1,303,022	55,756
Proceeds from sale of capital assets	312,815					137,676	12,012			
Issuance of bonds	6,000,000				1,112,000			3,391,000		
Payment to escrow bond agent								(3,344,073)		
Total other financing sources	6,312,815	-	-	-	1,212,000	237,676	152,012	425,414	1,303,022	55,756
Net Change in Fund Balances	\$ 6,432,058	\$ 250,359	\$ (365,242)	\$ (916,137)	\$ 2,223,509	\$ 810,244	\$ 1,155,348	\$ 812,787	\$ 751,250	\$ 799,264
Debt Service as a Percentage of Noncapital Expenditures	2.2%	1.8%	2.8%	3.6%	3.2%	3.1%	3.0%	3.2%	3.5%	5.7%

Note 1: Schedule prepared on the modified accrual basis of accounting

**TOWN OF HEBRON, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (UNAUDITED)**

Fiscal Year	Real Estate				Motor Vehicle	Gross Taxable Assessed Value	Net Taxable Assessed Value	Percent Growth	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial/Industrial Property	Other ¹	Personal Property							
2012	\$ 763,852,380	\$ 24,972,620	\$ 1,365,670	\$ 13,713,060	\$ 67,696,700	\$ 871,600,430	\$ 868,272,830	0.65%	30.26	\$ 1,115,238,901	77.86%
2013	660,013,050	25,121,530	987,320	14,374,990	71,110,490	771,607,380	768,127,730	-11.53%	33.55	1,097,934,379	69.96%
2014	664,928,190	25,215,610	956,960	14,870,640	77,888,102	783,859,502	772,697,085	0.59%	34.70	1,080,916,746	71.49%
2015	667,155,010	25,846,450	954,530	15,784,600	72,404,690	782,145,280	778,651,850	0.77%	35.75	1,112,632,087	69.98%
2016	669,088,200	26,314,400	963,940	16,170,550	72,866,040	785,403,130	782,001,450	0.43%	36.00	1,102,908,486	70.90%
2017	671,898,290	26,515,790	957,850	16,426,830	74,293,410	790,092,170	786,095,920	0.52%	35.64	1,071,376,676	73.37%
2018	632,071,120	25,928,130	1,714,260	15,716,080	74,782,990	750,212,580	750,169,270	-4.07%	37.00	1,027,868,900	72.98%
2019	644,993,810	38,622,730	1,706,930	21,340,880	77,414,990	784,079,340	778,563,080	3.78%	37.44	1,070,057,097	72.76%
2020	649,785,850	38,091,580	1,633,870	22,823,590	80,107,850	792,442,740	787,098,230	1.10%	36.33	1,073,051,017	73.35%
2021	654,045,530	38,259,870	1,558,500	24,264,740	85,734,310	803,862,950	798,257,520	1.42%	36.33	1,093,503,452	73.00%

Source: Town Tax Office

A revaluation of all real estate was effective on the October 1, 2016 Grand Lists

¹Other - represents land with a use assessment and 10 mill land

Note: Estimated values are established by the State of Connecticut Office of Policy and Management and the Town of Hebron Assessor's Office based on the ratio of sales prices to assessed values.

**TOWN OF HEBRON, CONNECTICUT
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Fiscal Year Ended June 30</u>	<u>Grand List Year</u>	<u>Real Estate</u>	<u>Motor Vehicle</u>	<u>Personal Property</u>	<u>Total</u>	<u>Total Direct Tax Rate</u>
2012	2010	\$ 23,302,802	\$ 2,229,168	\$ 385,972	\$ 25,917,942	30.26
2013	2011	22,937,205	2,373,378	460,103	25,770,686	33.55
2014	2012	22,904,188	2,559,082	459,315	25,922,585	34.70
2015	2013	24,719,625	2,575,410	541,769	27,836,804	35.75
2016	2014	24,508,507	2,697,514	541,296	27,747,317	36.00
2017	2015	24,836,292	2,633,911	546,254	28,016,457	35.64
2018	2016	24,593,460	2,766,970	581,495	27,941,925	37.00
2019	2017	24,444,931	2,979,762	590,233	28,014,926	37.44
2020	2018	24,315,943	2,985,525	708,846	28,010,314	37.05
2021	2019	24,319,377	3,022,767	756,843	28,098,987	36.33

Source: Town Tax Records

TABLE 7

**TOWN OF HEBRON, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Taxpayer	2021			2013		
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Eversource/CL&P	\$ 12,674,740	1	1.63%	\$ 6,721,980	1	0.79%
Colebrook/Hebron Senior Living, LLC	12,388,800	2	1.59%			0.00%
Hebron Lincoln, LLC	2,450,000	3	0.31%	1,470,000	4	0.17%
Connecticut Water Co., The	2,302,870	4	0.32%	1,454,950	5	0.18%
Village Shoppes, LLC	1,835,070	5	0.24%	1,995,070	2	0.23%
Hebron Country Manor, LLC	1,807,060	6	0.23%	1,309,770	6	0.14%
Blackledge Country Club Inc.	1,577,810	7	0.20%	1,732,660	3	
Amirzai Property Trust, LLC	1,512,170	8	0.19%			
Genco Olde Hartford Road, LLC	1,444,550	9	0.19%			0.41%
41-61 Main Street, LLC	1,308,340	10	0.17%	1,071,350	8	
Total	\$ 39,301,410		5.07%	\$ 15,755,780		1.92%

Source: Assessor's Office.

TABLE 8

**TOWN OF HEBRON, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Grands List Year	Taxes Levied for the Tax Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2012	2010	\$ 26,398,547	\$ 25,975,464	98.40%	\$ 352,096	\$ 26,327,560	99.73%
2013	2011	25,944,959	25,518,394	98.36%	333,231	25,851,625	99.64%
2014	2012	26,944,807	26,476,300	98.26%	362,967	26,839,267	99.61%
2015	2013	28,045,844	27,598,938	98.41%	336,719	27,935,657	99.61%
2016	2014	28,344,010	27,747,672	97.90%	424,109	28,171,781	99.39%
2017	2015	28,272,564	27,728,993	98.08%	344,998	28,108,966	99.30%
2018	2016	28,166,514	27,595,496	97.97%	387,333	27,982,828	99.35%
2019	2017	28,641,368	28,014,926	97.81%	383,719	28,398,645	99.15%
2020	2018	28,762,508	28,010,314	97.38%	441,446	28,451,760	98.92%
2021	2019	28,565,378	28,106,053	98.39%			

Source: Town Tax Records

Note: The above information presents the information for each period for which it is levied. A tax levy provides taxes remitted in the following year.

**TOWN OF HEBRON, CONNECTICUT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Percentage of Actual Property Value ⁽²⁾	Debt Per Capita ⁽³⁾
	General Obligation Bonds & Notes ⁽¹⁾	Less Amount Available in Debt Service	Total Primary Government		
2012	\$ 7,240,000	\$ -	\$ 7,240,000	0.65%	\$ 904
2013	6,385,000	-	6,385,000	0.58%	746
2014	5,811,000	-	5,811,000	0.54%	664
2015	5,021,000	-	5,021,000	0.45%	602
2016	4,242,000	-	4,242,000	0.38%	520
2017	4,586,000	-	4,586,000	0.43%	441
2018	3,726,000	-	3,726,000	0.36%	477
2019	2,877,000	-	2,877,000	0.27%	389
2020	2,381,000	-	2,381,000	0.22%	249
2021	7,889,000	-	7,889,000	0.72%	829

Note: Details regarding the Town's outstanding debt may be found in the notes to the basic financial statements.

(1) General Obligation Bonds exclude overlapping debt for the Town of Hebron's share of RHAM Regional School District No. 8 debt.

(2) See Table 5 for taxable property data.

(3) See Table 14 for population data. These ratios are calculated using personal income.

**TOWN OF HEBRON, CONNECTICUT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: RHAM Region 8 School District	\$ 5,565,000	\$ 48.27%	\$ <u>2,686,226</u>
Subtotal, Overlapping Debt			2,686,226
Capital Leases			940,345
General Obligation Debt - Hebron Direct Debt			<u>7,889,000</u>
 Total Direct and Overlapping Debt			 \$ <u><u>11,515,571</u></u>

Sources: Town records and debt outstanding for School District provided by RHAM.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the Town. This schedule estimates the portion of outstanding debt of the RHAM School District No. 8 that is borne by the residents and businesses of the Town of Hebron. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is calculated using a percentage of the Town of Hebron students enrolled in RHAM and this is the same percentage used to calculate the share of RHAM expenditures that the Town of Hebron pays.

**TOWN OF HEBRON, CONNECTICUT
RATIOS OF GENERAL BONDED DEBT AND CAPITAL LEASES OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Ratio of Net Bonded Debt to Est. Actual Taxable Value	Percentage of Personal Income ⁽¹⁾	Total Debt Per Capita ⁽¹⁾
	Net Bonded Debt	Capital Leases	Total Primary Government			
2012	\$ 7,240,000	\$ 160,210	\$ 7,400,210	0.66%	5.07%	\$ 763
2013	6,385,000	1,365,445	7,750,445	0.71%	4.90%	806
2014	5,811,000	1,643,891	7,454,891	0.69%	5.15%	773
2015	5,021,000	1,601,237	6,622,237	0.60%	5.04%	687
2016	4,242,000	1,508,332	5,750,332	0.52%	4.04%	597
2017	4,586,000	1,392,811	5,978,811	0.56%	1.76%	622
2018	3,726,000	1,216,675	4,942,675	0.48%	2.24%	516
2019	2,877,000	1,128,985	4,005,985	0.37%	2.61%	419
2020	2,381,000	985,980	3,366,980	0.31%	3.10%	352
2021	7,889,000	940,345	8,829,345	0.81%	1.37%	928

Note: The Town has no revenue bonds.

Note: Details regarding the Town's outstanding debt may be found in the notes to the basic financial statements.

(1) See Table 14 for personal income and population data.

**TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
JUNE 30, 2021**

Total tax collections, including interest and lien fees for the year ended June 30, 2020	\$ 28,547,360
Reimbursement for loss of revenues: Tax relief for elderly - freeze	<u>-</u>
Base	<u>\$ 28,547,360</u>
Debt Limit	<u>\$ 199,831,520</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Unfunded Pension Benefit Obligation</u>
Debt limitation:					
2-1/4 times base	\$ 64,231,560	\$	\$	\$	\$
4-1/2 times base		128,463,120			
3-3/4 times base			107,052,600		
3-1/4 times base				92,778,920	
3 times base					87,315,318
Total	<u>64,231,560</u>	<u>128,463,120</u>	<u>107,052,600</u>	<u>92,778,920</u>	<u>87,315,318</u>
Indebtedness:					
Bonds and notes payable	1,889,000		6,000,000		
Bonds payable - Regional School #8		2,686,226			
Bonds authorized-unissued			4,000,000		
Total	<u>1,889,000</u>	<u>2,686,226</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 62,342,560</u>	<u>\$ 125,776,894</u>	<u>\$ 97,052,600</u>	<u>\$ 92,778,920</u>	<u>\$ 87,315,318</u>

1. In no event shall total debt exceed seven times annual receipts from taxation. The maximum permitted under this formula would be \$199,831,520.

**TOWN OF HEBRON, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limitation	\$ 199,831,520	\$ 201,579,833	\$ 196,068,677	\$ 196,040,677	\$ 198,776,725	\$ 196,581,329	\$ 196,591,780	\$ 189,407,708	\$ 181,951,966	\$ 184,461,291
Total net debt applicable to limit	<u>24,384,168</u>	<u>16,351,415</u>	<u>8,181,520</u>	<u>10,107,458</u>	<u>12,571,919</u>	<u>13,442,784</u>	<u>15,372,840</u>	<u>17,163,413</u>	<u>28,164,045</u>	<u>28,897,090</u>
Legal Debt Margin	<u>\$ 175,447,352</u>	<u>\$ 185,228,418</u>	<u>\$ 187,887,157</u>	<u>\$ 185,933,219</u>	<u>\$ 186,204,806</u>	<u>\$ 183,138,545</u>	<u>\$ 181,218,940</u>	<u>\$ 172,244,295</u>	<u>\$ 153,787,921</u>	<u>\$ 155,564,201</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>12.20%</u>	<u>8.11%</u>	<u>4.17%</u>	<u>5.16%</u>	<u>6.32%</u>	<u>6.84%</u>	<u>7.82%</u>	<u>9.06%</u>	<u>15.48%</u>	<u>15.67%</u>

Source: Annual financial reports - Schedule of Debt Limitation

Note: See Table 9 for calculation of current year debt limitation

**TOWN OF HEBRON, CONNECTICUT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Population	Personal Income (000)	Per Capita Income	Median Age	School Enrollment	Unemployment(*) Rate
2012	9,704	\$ 374,972	\$ 38,641	41	2118	5.6%
2013	9,620	379,634	39,463	40	1903	5.2%
2014	9,649	383,789	39,775	42	1,849	4.8%
2015	9,638	334,061	34,661	42	1,690	4.1%
2016	9,627	232,087	24,108	43	1,588	4.8%
2017	9,611	105,104	10,936	43	1,454	4.0%
2018	9,580	110,739	22,147	43	1,516	3.5%
2019	9,566	104,519	10,926	45	1,456	3.1%
2020	9,566	104,519	10,926	45	1,456	3.1%
2021	9,512	121,200	12,742	45	1,938	3.4%

Source: Town Records

(*) Source: Connecticut Department of Labor, By Town, Not Seasonally Adjusted.

**TOWN OF HEBRON, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)**

Employer	2021			2013		
	Employees ⁽¹⁾	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
RHAM	240	1	4.45%	250	1	N/A
Town of Hebron & Education	107	2	2.17%	220	2	N/A
Ted's Supermarket	75	3	1.46%	82	3	N/A
Tallwood Country Club	44	4	1.13%	17	7	N/A
Blackledge Country Club	44	5		44	4	
Colebrook/Hebron Senior Living	41	6	0.82%	N/A		N/A
Staff Mates	35	7	0.79%	13	9	N/A
Country Carpenters	24	8	0.48%	22	6	N/A
Gina Maries Restaurant	23	9	0.43%	N/A		N/A
Fennagins	23	10	0.43%	N/A		N/A

**Sources: Town Records
2020 Personal Property Declaration**

**TOWN OF HEBRON, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire: Fire Stations (Volunteer)	3	3	3	3	3	3	3	3	3	3
Public Works:										
Buildings	5	5	5	5	5	5	5	5	5	5
Streets (Miles)	72	76	80	84	88	92	96	96	96	96
Traffic Lights	2	2	2	2	2	2	2	2	2	2
Street Lights	197	197	197	197	197	197	199	199	199	199
Parks & Recreation:										
Acreage	440	440	440	500	500	850	850	850	850	850
Parks	3	3	3	3	3	3	3	3	3	3
Baseball/Softball Diamonds	7	7	7	7	7	7	7	7	7	7
Soccer/Football/Lacrosse Fields	4	4	4	4	4	4	4	4	4	4
Basketball Courts	1	1	1	1	1	1	1	1	1	1
Tennis Courts at High School	8	8	8	8	8	8	8	8	8	8
Skate Park	1	1	1	1	1	1	1	1	1	1
Parks with Playground Equipment	1	1	1	1	1	1	1	1	1	1
Picnic Shelters	1	1	1	1	1	1	1	1	1	1
Parks & Recreation Office and Maintenance Building	1	1	1	1	1	1	1	1	1	1
Park Rest Room Facilities	1	1	1	1	1	1	1	1	1	1
Public Buildings:										
Town Buildings	3	3	3	3	3	3	3	3	3	3
Schools	2	2	2	2	2	2	2	2	2	2
Regional School District	2	2	2	2	2	2	2	2	2	2
Library:										
Facilities	1	1	1	1	1	1	1	1	1	1
Volumes	N/A	41,393	40,520	38,307	38,645	35,866	40,292	45,956	42,423	42,583
Water:										
Lakes	1	1	1	1	1	1	1	1	1	1
Sewers:										
Number of Miles	18	18	18	18	18	18	18	18	18	18

N/A - information not available

**TOWN OF HEBRON, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	Calendar Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police:										
Calls for service	4,358	3,914	4,297	4,410	4,118	4,586	4,216	4,057	4,058	2,850
Adult arrest	73	71	72	75	56	63	41	51	39	40
Juvenile arrest	6	15	10	14	7	11	10	10	11	3
Traffic citations	1,019	664	722	771	535	775	521	440	372	27
Fire:										
Total fire runs	226	227	208	271	250	251	294	261	279	323
Total rescue runs	437	493	582	518	511	534	593	606	700	788
Building safety:										
Total building permits	521	532	491	490	542	515	486	573	502	743
Total value all permits	\$ 7,145,131	\$ 9,420,872	\$ 6,995,765	\$ 9,612,919	\$ 10,719,645	\$ 19,957,209	\$ 15,573,009	\$ 10,504,402	\$ 12,455,892	\$ 14,060,864
Total building permits-new homes	9	11	6	11	13	13	16	10	11	19
Total value all permits-new homes	\$ 1,937,260	\$ 2,570,707	\$ 1,416,345	\$ 2,858,140	\$ 3,850,812	\$ 2,480,987	\$ 3,460,279	\$ 2,422,333	\$ 2,855,432	\$ 4,649,526
Library, volumes in collection	39,329	46,823	39,019	50,018	51,080	50,520	49,810	45,956	42,423	42,583

Source: Town Records

Source: CT State Police Troop K Data

**TOWN OF HEBRON, CONNECTICUT
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
General government:										
Town manager	1	1	1	1	1	1	1	1	1	1
Town clerk	2	2	2	2	2	2	2	2	2	2
Personnel	2	2	2	2	2	2	2	2	2	2
Finance and tax	7	6	6	7	7	6	6	6	6	6
Building safety	2	2	2	2	2	2	2	2	2	2
Planning	2	2	2	2	2	2	2	2	2	2
Facility management	1	1	1	1	1	1	1	1	1	1
Parks and recreation:										
General and administrative	2	2	2	2	2	2	2	2	2	2
Recreation	3	3	3	4	4	5	5	3	2	2
Fire:										
Firefighter and officers	2	2	2	2	3	3	3	3	3	3
Public works:										
Administration	2	2	2	3	3	3	3	2	2	2
Street maintenance	12	12	12	12	12	12	12	12	12	12
Water:										
Administration	1	1	1	1	1	1	1	1	1	1
Library:										
Administration	3	3	3	3	3	3	3	3	3	3
Senior Center:										
Administration	3	3	3	3	3	3	3	3	3	3
Total	45	44	44	47	48	48	48	45	44	44

Source: Various Town Records

**TOWN OF HEBRON, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2021**



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**TOWN OF HEBRON, CONNECTICUT
STATE SINGLE AUDIT REPORT
JUNE 30, 2021
TABLE OF CONTENTS**

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	1-3
Schedule of Expenditures of State Financial Assistance	4-5
Notes to Schedule of Expenditures of State Financial Assistance	6
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 <i>Government Auditing Standards</i>	7-8
Schedule of Findings and Questioned Costs	9-11



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

Board of Finance
Town of Hebron, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Hebron, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Hebron, Connecticut's major state programs for the year ended June 30, 2021. The Town of Hebron, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Hebron, Connecticut's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Hebron, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Hebron, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Hebron, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of Hebron, Connecticut, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Hebron, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Hebron, Connecticut's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a significant deficiency.

The Town of Hebron's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Hebron, Connecticut's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Hebron, Connecticut's basic financial statements. We issued our report thereon dated March 7, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut
March 7, 2022

**TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Education		
Talent Development	11000-SDE64370-12552	\$ 215
Family Resource Centers	11000-SDE64370-16110	101,530
Child Nutrition State Matching Grant	11000-SDE64370-16211	2,042
Healthy Foods Initiative	11000-SDE64370-16212	4,215
Interdistrict Cooperation	11000-SDE64370-17045	49,000
School Breakfast Program	11000-SDE64370-17046	<u>5,431</u>
Total Department of Education		<u>162,433</u>
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	<u>5,500</u>
Department of Energy and Environmental Protection		
CT Bikeway, Pedestrian, Recreational Rail and Greenway Program	12052-DEP44321-43314	<u>60,439</u>
Department of Transportation		
Bus Operations	12001-DOT57931-12175	24,168
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455	\$ 120,468
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	<u>120,468</u>
		240,936
Urban Act Grant	13019-DOT57197-41241	738,512
Local Transportation Capital Improvement Program	13033-DOT57197-43584	<u>192,929</u>
Total Department of Transportation		<u>1,196,545</u>
Economic and Community Development		
Historic Preservation Funds	12060-ECD46840-26358	<u>14,650</u>
Office of Early Childhood		
CCDF - DISC - CRRSA	12060-OEC64845-29628	22,800
School Readiness Quality Enhancement	11000-OEC64845-16158	3,881
Early Care and Education	11000-OEC64845-16274	<u>113,400</u>
Total Office of Early Childhood		<u>140,081</u>

The accompanying notes are an integral part of this schedule

**TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	\$ 7,647
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	534
Property Tax Relief for Veterans	11000-OPM20600-17024	2,896
Local Capital Improvement Program	12050-OPM20600-40254	141,517
Municipal Grants-In-Aid	12052-OPM20600-43587	<u>2,216</u>
Total Office of Policy and Management		<u>154,810</u>
Total State Financial Assistance Before Exempt Programs		<u>1,734,458</u>
Exempt Programs		
Department of Education		
Education Cost Sharing	11000-SDE64370-17041-82010	6,003,855
Excess Cost - Student Based	11000-SDE64370-17047	<u>8,498</u>
Total Department of Education		<u>6,012,353</u>
Department of Energy and Environmental Protection		
Recreation & Natural Heritage Trust	17161-DEP43153-43656	<u>3,626</u>
Department of Administrative Services		
School Construction Grants	13010-DAS27635-43744	<u>392,340</u>
Office of Policy and Management		
Municipal Stabilization Grant	11000-OPM20600-17104	125,020
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	<u>3,350</u>
Total Office of Policy and Management		<u>128,370</u>
Total Exempt Programs		<u>6,536,689</u>
Total State Financial Assistance		<u>\$ 8,271,147</u>

The accompanying notes are an integral part of this schedule

**TOWN OF HEBRON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Hebron, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town of Hebron, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Hebron, Connecticut.

Basis of Accounting

The accounting policies of the Town of Hebron, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.



**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***

Board of Finance
Town of Hebron, Connecticut

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Town of Hebron, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Hebron, Connecticut's basic financial statements, and have issued our report thereon dated March 7, 2022.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001, that we consider to be a material weakness.

Compliance and Other Matters

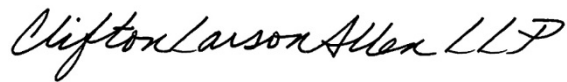
As part of obtaining reasonable assurance about whether the Town of Hebron, Connecticut’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The Town of Hebron, Connecticut’s Response to Findings

The Town of Hebron, Connecticut’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Hebron, Connecticut’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Town of Hebron, Connecticut’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hebron, Connecticut’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

West Hartford, Connecticut
March 7, 2022

**TOWN OF HEBRON, CONNECTICUT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? yes X none reported
- Noncompliance material to financial statements noted? yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

 X yes no

The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation:		
Urban Act Grant	13019-DOT57197-41241	\$ 738,512
Local Transportation Capital Improvement Program	13033-DOT57197-43584	141,517
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

II. FINANCIAL STATEMENT FINDINGS

2021-001

General Ledger Maintenance

Type of Finding

Material weakness in Internal Control over Financial Reporting

Repeat Finding

The finding is a repeat finding in the immediate prior year, finding number 2020-001.

Criteria

Management is responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of financial statements.

Condition

Material journal entries were required to ensure financial statements were properly stated in accordance with generally accepted accounting principles.

Context

Accounts payable was not properly stated and required journal entries to ensure they were properly stated at year end.

Effect

Without adequate controls, balances could be materially misstated.

Cause

- Implementation of new accounting software package in the prior year.
- Lack of adequate internal controls to ensure all discrepancies are properly corrected during the financial statement close process.

Recommendation

We recommend that the Town develop adequate policies and procedures to financial statement close process is completed timely and accurately. The Town should continue to discuss any software issues with their vendor to ensure issues related to purchase orders is resolved.

Views of Responsible Officials and Planned Corrective Actions

Inexperience with the new software proved to be a challenge in rectifying prior to the start of the 2020 audit. Most of these issues have been resolved with this audit but an additional thorough review will be conducted with Tyler municipal user groups prior to fiscal year end 2022.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**Finding No.**

2021-002

Special Reporting Requirement**Type of Finding**

Significant deficiency in internal control over compliance, Other Matters

Program

Office of Policy and Management - Local Capital Improvement Program - 12050-OPM20600-40254

Criteria

Grantees are required to annually submit form OPM-DE-2017 to OPM within 90 days of the grantee's fiscal year end.

Condition

The form OPM-DE-2017 was submitted to OPM 218 days (LOCIP) after the grantee's fiscal year end.

Questioned Costs

None noted

Context

Although the form OPM-DE-2017 was not submitted timely, it was determined to be submitted accurately.

Cause

Oversight of the Finance Office.

Effect

The grantor was unable to monitor the program's progress and expenditures in a timely manner.

Recommendation

We recommend that the Town of Hebron, Connecticut, design controls to ensure compliance with reporting deadlines.

Views of Responsible Officials

Management agrees with the finding and will ensure to file timely as has been in the past years.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**





To the Board of Finance
Town of Hebron, Connecticut

In planning and performing our audit of the financial statements of the Town of Hebron, Connecticut, as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Hebron, Connecticut's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Town of Hebron, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hebron, Connecticut's internal control.

We noted the following matters involving the internal control over financial reporting and its operation that we offer as constructive suggestions for your consideration as part of the ongoing process of modifying and improving accounting controls and administrative practices.

Accrued Payroll

During our review of liabilities, we noted the Town does not analyze accrued payroll at year end to potentially record a liability for payroll paid in July for the prior fiscal year.

Recommendation

We recommend that payroll accruals be analyzed annually and recorded to the correct fiscal year to ensure expenditures are recorded in accordance with generally accepted accounting principles.

Other Post Employment Benefit (OPEB) Census Data

During our review of the OPEB census data supplied to the actuary to support the calculation of the total OPEB Liability, we noted 3 of the 25 items tested to have discrepancies between date of hires per Town records and the date of hire supplied to the actuary. We also noted discrepancies between birth dates per Town records and the birth dates provided to actuary.

Recommendation

We recommend the Town implement procedures to ensure that all census data is reviewed for accuracy before being transmitted to the actuary.

Tax Collector

During our review of the general ledger, we noted that the Allowance for Uncollectible Accounts was not being reviewed and modified at year end, but rather carrying the same balance as in the prior year.

Recommendation

We recommend the Tax Collector should perform an analysis of uncollectible taxes to ensure the balance in the financial statements is being accurately reflected.

Financial Statement Close

During the audit we noted numerous client journal entries were needed after the commencement of final fieldwork.

Recommendation

We recommend the financial statement close process be formalized to ensure all journal entries are completed before the commencement of final fieldwork.

This letter should be read in conjunction with our report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 7, 2022.

This communication is intended solely for the information and use of management, members of the Board of Finance, Board of Selectmen, others within the organization, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

West Hartford, Connecticut
March 7, 2022



ANDREW J. TIERNEY
TOWN MANAGER

Town of Hebron

TOWN OFFICE BUILDING
15 GILEAD STREET
HEBRON, CONNECTICUT 06248
TELEPHONE: (860) 228-5971
FAX: (860) 228-4859
www.hebronct.com

DANIEL LARSON
CHAIRMAN

GAIL B. RICHMOND
VICE CHAIRMAN

JOHN B. COLLINS
SELECTMAN

PETER D. KASPER
SELECTMAN

MARC P. RUBERA
SELECTMAN

SINGLE AUDIT CORRECTIVE ACTION PLAN

For the Fiscal Year Ended June 30, 2021

To Government Officials:

SINGLE AUDIT FINDINGS:

Finding 2021-001: General Ledger Maintenance

Description of Finding: Material journal entries required to correct account balances.

**Statement of Concurrence
or Nonconcurrence:** The Town concurs.

Corrective Action: Inexperience with the new software proved to be a challenge in rectifying prior to the start of the 2020 audit. Most of these issues have been resolved with this audit but an additional thorough review will be conducted with Tyler municipal user groups prior to fiscal year end 2022.

Name of Contact Person Elaine Griffin, Finance Director

Projected Completion Date June 30, 2022

Finding 2021-002:	Special Reporting Requirement
Description of Finding:	Form OPM DE-2017 was not submitted to OPM within 90 days of the grantee's fiscal year end.
Statement of Concurrence or Nonconcurrence:	The Town concurs.
Corrective Action:	Management agrees with finding and will ensure to file timely going forward.
Name of Contact Person	Elaine Griffin, Finance Director
Projected Completion Date	June 30, 2022



ANDREW J. TIERNEY
TOWN MANAGER

Town of Hebron

TOWN OFFICE BUILDING
15 GILEAD STREET
HEBRON, CONNECTICUT 06248
TELEPHONE: (860) 228-5971
FAX: (860) 228-4859
www.hebronct.com

DANIEL LARSON
CHAIRMAN
GAIL B. RICHMOND
VICE CHAIRMAN
JOHN B. COLLINS
SELECTMAN
PETER D. KASPER
SELECTMAN
MARC P. RUBERA
SELECTMAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS For the Fiscal Year Ended June 30, 2021

PRIOR YEAR FINDINGS FULLY CORRECTED

<u>Finding Number</u>	<u>Finding Name</u>
None	

PRIOR YEAR FINDINGS NOT CORRECTED OR PARTIALLY CORRECTED

<u>Finding Number</u>	<u>Finding Name</u>
Finding Number	2020-001
Finding Name	General Ledger Maintenance
Reason for Recurrence	Working on issues with implementation and conversion of new software package.
Action Taken to Date	Worked with Tyler Corp. to rectify converted data.
Planned Corrective Action	Continue to work with Tyler Corp to ensure any implementation and conversion issues are rectified.