
**TOWN OF VOLUNTOWN/TOWN OF STERLING
TRANSFER STATION**

Annual Financial Statements

For the Year Ended June 30, 2022

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

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Financial Section

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Town of Voluntown/Town of Sterling Transfer Station

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Town of Voluntown/Town of Sterling Transfer Station (the "Transfer Station"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Transfer Station's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, as of June 30, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Transfer Station and to meet our other ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transfer Station's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Transfer Station's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Transfer Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

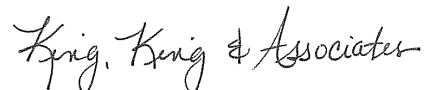
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Transfer Station's basic financial statements. The accompanying supplemental schedule is presented for purposes of additional analysis 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 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 supplemental schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2022, on our consideration of the Transfer Station's internal control over financial reporting and on our test 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 Transfer Station'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 Transfer Station's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs
Winsted, CT
August 22, 2022

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Management's Discussion and Analysis

June 30, 2022

As management of the Town of Voluntown/Town of Sterling Transfer Station (the "Transfer Station"), we offer readers of the Transfer Station's financial statements this narrative overview and analysis of the financial activities of the Transfer Station for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Transfer Station exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$60,217 (*net position*). Of this amount, the unrestricted net position is \$0.
- The governments total net position decreased by \$2,361. This decrease is attributable to an increase in expenditures.
- As of the close of the current fiscal year, the Transfer Station's governmental funds reported combined ending fund balances of \$0. The Transfer Station strives to maintain a fund balance of \$0.
- The Transfer Station does not have any outstanding debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Transfer Station's basic financial statements. The Transfer Station's 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 in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Transfer Station's finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the Transfer Station that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The Transfer Station has no business-type activities. The governmental activities of the Transfer Station include general government services. Assessments to the Town of Voluntown and Town of Sterling finance most of these activities. The Transfer Station reports substantially all of its activities as general government, as it is a political subdivision of the Transfer Station providing services.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Management's Discussion and Analysis

June 30, 2022

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Transfer Station, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Transfer Station can be divided into one category: governmental funds.

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

The Transfer Station maintains one individual governmental fund. 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 which is considered to be a major fund.

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

The basic governmental fund financial statements can be found on pages 12-14 of this report.

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 15-23 of this report.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Management's Discussion and Analysis

June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Transfer Station, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$60,217 at the close of the most recent fiscal year.

SUMMARY STATEMENT OF NET POSITION

	2022	2021	Variance
Current and Other Assets	\$ 72,327	\$ 73,173	\$ (846)
Capital Assets	60,217	52,328	7,889
Total Assets	<u>132,544</u>	<u>125,501</u>	<u>7,043</u>
Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Other Liabilities	72,327	62,923	9,404
Total Liabilities	<u>72,327</u>	<u>62,923</u>	<u>9,404</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:			
Net Investment in Capital Assets	60,217	52,328	7,889
Unrestricted	<u>-</u>	<u>10,250</u>	<u>(10,250)</u>
Total Net Position	<u>\$ 60,217</u>	<u>\$ 62,578</u>	<u>\$ (2,361)</u>

The largest portion of the Transfer Station's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt to acquire those assets that is still outstanding. The Transfer Station uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Transfer Station's unrestricted net position of \$0 decreased by \$10,250 compared to last years unrestricted net position of \$10,250. This unrestricted net position in the prior year was related to an encumbrance made to purchase a dumpster. The encumbrance was liquidated during the current fiscal year and there are none outstanding at June 30, 2022.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION
Management's Discussion and Analysis
June 30, 2022

STATEMENT OF CHANGES IN NET POSITION

	2022	2021	Variance
REVENUES			
<i>Program:</i>			
Charges for services	\$ 107,739	\$ 101,810	\$ 5,929
<i>General:</i>			
Member contributions	125,559	133,757	(8,198)
Interest income	3	3	-
Total Revenues	233,301	235,570	(2,269)
EXPENSES			
<i>Governmental Activities:</i>			
General government	235,662	226,656	9,006
Total Expenses	235,662	226,656	9,006
Change in Net Position	(2,361)	8,914	\$ (11,275)
Beginning Net Position	62,578	53,664	
Ending Net Position	\$ 60,217	\$ 62,578	

Governmental activities. Governmental activities decreased the Transfer Station's net position by \$2,361.

Major revenue factors include:

- Charges for services increased \$5,929 due to increases in recycling and fees revenues.

Major expense factors include:

- Depreciation expense for the current year was \$2,361.
- Expenses for bag purchases increased as the vendor was able to provide bags for this current year and expenses for bulky waste disposal/hauling decreased.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION
Management's Discussion and Analysis
June 30, 2022

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of the end of the current fiscal year, the Transfer Station's governmental funds reported combined ending fund balances of \$0, a decrease of \$10,250 in comparison with the prior year. The Transfer Station strives to maintain an General Fund balance of \$0.

General Fund. The General Fund is the chief operating fund of the Transfer Station. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$0. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 0% of the total General Fund expenditures.

The fund balance of the Transfer Station's General Fund is \$0, a decrease from \$10,250 in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues were \$7,300 less than budgeted and total expenditures were \$7,300 less than budget for the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The Transfer Station's investment in capital assets for its governmental activities as of June 30, 2022, was \$60,217 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment.

	2022	2021
Land	\$ 50,000	\$ 50,000
Buildings and Improvements	9,770	9,770
Machinery and Equipment	345,719	335,469
Less: Accumulated Depreciation	(345,272)	(342,911)
Total	\$ 60,217	\$ 52,328

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

- Addition of a new dumpster.

Additional information on the Transfer Station's capital assets can be found in Note 4 on page 21 of this report.

Long-term debt. At the end of the current fiscal year, the Transfer Station had total debt outstanding of \$0.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Management's Discussion and Analysis

June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The management of the Transfer Station considered many factors in preparing the Transfer Station's budget for the 2022-2023 fiscal year. The goal was to maximize efficiencies to keep expenditures in check, while providing the desired level of services to the residents of the Towns of Voluntown and Sterling.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Transfer Station's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Town of Voluntown/Town of Sterling Transfer Station, 514 Brown Road, Voluntown, Connecticut, 06384.

Basic Financial Statements

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 72,327
Capital Assets:	
Assets Not Being Depreciated	50,000
Assets Being Depreciated, Net	<u>10,217</u>
Total Assets	<u>132,544</u>
Deferred Outflows of Resources	<u>-</u>
Liabilities	
Accounts Payable and Accrued Items	6,353
Due to:	
Town of Voluntown	28,704
Town of Sterling	<u>37,270</u>
Total Liabilities	<u>72,327</u>
Deferred Inflows of Resources	<u>-</u>
Net Position	
Net Investment in Capital Assets	60,217
Unrestricted	<u>-</u>
Total Net Position	<u>\$ 60,217</u>

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

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$ 235,662	\$ 107,739	\$ -	\$ -
Total Governmental Activities	<u>\$ 235,662</u>	<u>\$ 107,739</u>	<u>\$ -</u>	<u>\$ -</u>
		General Revenues:		
			Member Contributions	125,559
			Unrestricted Investment Earnings	<u>3</u>
			Total General Revenues	<u>125,562</u>
			Change in Net Position	(2,361)
			Net Position - Beginning of Year	<u>62,578</u>
			Net Position - End of Year	<u>\$ 60,217</u>

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

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Assets		
Cash and Cash Equivalents	\$ 72,327	\$ 72,327
Total Assets	<u>\$ 72,327</u>	<u>\$ 72,327</u>
Liabilities		
Accounts Payable and Accrued Items	\$ 6,353	\$ 6,353
Due to:		
Town of Voluntown	28,704	28,704
Town of Sterling	<u>37,270</u>	<u>37,270</u>
Total Liabilities	<u>72,327</u>	<u>72,327</u>
Fund Balances		
Assigned	-	-
Unassigned	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 72,327</u>	

Amounts reported in the Statement of Net Position are different because:

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

<i>Capital assets</i>	405,489
<i>Depreciation</i>	<u>(345,272)</u>

Net position of governmental activities	<u>\$ 60,217</u>
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The notes to the financial statements are an integral part of this statement

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2022

	General Fund	Total Governmental Funds
	<u> </u>	<u> </u>
Revenues		
Charges for Services	\$ 107,739	\$ 107,739
Town of Voluntown	51,479	51,479
Town of Sterling	74,080	74,080
Interest Income	3	3
Total Revenues	<u>233,301</u>	<u>233,301</u>
Expenditures		
Current:		
General Government	<u>243,551</u>	<u>243,551</u>
Total Expenditures	<u>243,551</u>	<u>243,551</u>
Net Change in Fund Balances	(10,250)	(10,250)
Fund Balances at Beginning of Year	<u>10,250</u>	
Fund Balances at End of Year	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

<i>Capital outlay</i>	10,250
<i>Depreciation expense</i>	<u>(2,361)</u>

Change in net position of governmental activities \$ (2,361)

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Statement of Revenues and Expenditures

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Budgetary Basis	Variance
	Original	Amended		
Revenues				
Charges for Services	\$ 100,495	\$ 100,495	\$ 107,739	\$ 7,244
Town of Voluntown	55,475	55,475	51,479	(3,996)
Town of Sterling	79,831	79,831	74,080	(5,751)
Interest Income	-	-	3	3
Appropriation of Fund Balance	-	4,800	-	(4,800)
Total Revenues	<u>235,801</u>	<u>240,601</u>	<u>233,301</u>	<u>(7,300)</u>
Expenditures				
Current:				
General Government	<u>235,801</u>	<u>240,601</u>	<u>233,301</u>	<u>7,300</u>
Total Expenditures	<u>235,801</u>	<u>240,601</u>	<u>233,301</u>	<u>7,300</u>
Excess (Deficiency) of Revenues over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Voluntown/Town of Sterling Transfer Station (the "Transfer Station") have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The Transfer Station's significant accounting policies are described below.

Reporting Entity

The Transfer Station is a joint venture established in 1994 per an interlocal agreement between the Towns of Voluntown and Sterling. The purpose of the entity is to provide a transfer station for municipal waste for the citizens of both towns. The Board of Commissioners consists of eight total appointed individuals, the First Selectman of the town in alternating years with three electors from that town and in that year four electors from the town where the First Selectman is not on the commission.

Accounting principals generally accepted in the United States of America require that the reporting entity include 1) the primary government, 2) organizations for which the primary government is financially accountable, and 3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Government Accounting Standards Board have been considered and there are no entities that should be presented as component units of the Transfer Station.

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 of the non-fiduciary activities of the Transfer Station. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Transfer Station has no business-type activities.

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 particular function or segment. Member contributions and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Transfer Station are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in the demonstrating compliance with finance related legal and contractual provisions.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Notes to the Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statements 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. 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*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Transfer Station considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, equipment financing notes, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Charges for services 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. All other revenue items are considered to be measurable and available only when cash is received.

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.

Governmental funds are those through which most governmental functions typically are financed. The Transfer Station has one fund and it is described below:

- The *General Fund* is the primary operating fund for the Transfer Station. This fund is used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived primarily from charges for services, member contributions, and investment income.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Cash and Cash Equivalents – The Transfer Station's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Transfer Station as assets with an initial, individual cost of more than \$5,000 with an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The 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 VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Notes to the Financial Statements

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Building Improvements	20
Machinery and Equipment	7 - 10

Fund equity and net position – The Statement of Net Position presents the Transfer Station’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. In the government-wide statement of net position, net position is classified in the following categories:

Net Investment in Capital Assets – This category consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those capital assets.

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

When both restricted and unrestricted resources are available for certain expenses, the Transfer Station expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

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

Nonspendable Fund Balance – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund Balance – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by a government using its highest level of decision-making authority (Board of Commissioners).

Assigned Fund Balance – Indicates amounts that are constrained by the Transfer Station’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by a governing board or body or official that has been delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

Unassigned Fund Balance – Represents the remaining fund balance after amounts are set aside for all other classifications.

The Transfer Station does not have a formal policy over the use of fund balance. However, the Transfer Station generally uses restricted, then committed fund balances first if the expenditure meets the restricted or committed purpose.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION
Notes to the Financial Statements

Encumbrances – In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

Fair Value of Financial Instruments

In accordance with GASB Statement No. 72, the District is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION
Notes to the Financial Statements

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Transfer Station establishes an annual budget for the General Fund. The operating budget includes proposed expenditures and the means of financing them. Formal budgetary integration is employed as a management control device during the year for the General Fund. All General Fund appropriations lapse at year end.

The Transfer Station follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgets are established in accordance with the interlocal agreement. Annually, the Board adopts a final budget including appropriations from the two towns. The annual budget must be approved by both towns' governing bodies. All unexpended and unencumbered appropriations lapse at year-end. Periodically, a portion of fund balance is designated for capital expenditures.

Formal budgetary integration of these budgets is employed as a management control device in the General Fund. The budget is for control and estimated cost purposes for each town. Expenditures can exceed appropriations.

No officer of the Transfer Station shall expend or enter into any contract by which the Transfer Station shall become liable for any sum which, with any contract then in force, shall exceed the appropriation for the department, except in case of necessity connected with the repair of the facility and the care of the Town poor, and then not more than \$1,000.

The Transfer Station's budgeting system requires accounting for certain transactions to be on a basis other than accounting principals generally accepted in the United States of America (GAAP basis). The major difference between the budget and GAAP basis are as follows:

- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year. The transfer station had \$0 encumbered at June 30, 2022.

A reconciliation of the General Fund revenues, expenditures, and fund balances between the accounting treatment required by GAAP and budgetary requirement is as follows:

	Fund Balance Beginning	Total Revenues	Total Expenditures	Fund Balance Ending
Budgetary Basis	\$ -	\$ 233,301	\$ 233,301	\$ -
Adjustment for Encumbrances	10,250	-	10,250	-
GAAP Basis	\$ 10,250	\$ 233,301	\$ 243,551	\$ -

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION
Notes to the Financial Statements

NOTE 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: (a) obligations of the United States and its agencies’ (b) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (c) shares or other interest 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 assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations.

The following is a summary of cash and cash equivalents at June 30, 2022:

Deposits:	
Demand and Savings accounts	<u>\$72,327</u>
Total Cash and Cash Equivalents	<u>\$72,327</u>

At June 30, 2022, the carrying amount of the Transfer Station’s deposits with financial institutions was \$72,327 and the bank balance was \$71,305.

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Transfer Station’s deposits may not be returned to it. The Transfer Station does not have a deposit policy for custodial credit risk. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. As of June 30, 2022, the entire bank balance of \$71,305 was covered by Federal Depository Insurance.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION
Notes to the Financial Statements

NOTE 4 – CAPITAL ASSETS

The following is a summary of the change in capital assets as of June 30, 2022:

	Beginning Balance	Increases	Decreases	Ending Balances
Governmental Activities				
Capital assets, not being depreciated				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets, not being depreciated	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Capital assets, being depreciated				
Buildings and Improvements	9,770	-	-	9,770
Machinery and Equipment	<u>335,469</u>	<u>10,250</u>	<u>-</u>	<u>345,719</u>
Total capital assets, being depreciated	<u>345,239</u>	<u>10,250</u>	<u>-</u>	<u>355,489</u>
Less accumulated depreciation for:				
Buildings and Improvements	9,125	326	-	9,451
Machinery and Equipment	<u>333,786</u>	<u>2,035</u>	<u>-</u>	<u>335,821</u>
Total accumulated depreciation	<u>342,911</u>	<u>2,361</u>	<u>-</u>	<u>345,272</u>
Total capital assets, being depreciated, net	<u>2,328</u>	<u>7,889</u>	<u>-</u>	<u>10,217</u>
<i>Capital assets, net</i>	<u>\$ 52,328</u>	<u>\$ 7,889</u>	<u>\$ -</u>	<u>\$ 60,217</u>

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

Governmental Activities:	
General Government	<u>\$ 2,361</u>

NOTE 5 – RISK MANAGEMENT

The Transfer Station is exposed to various risks of loss involving torts, theft of, damage to and destruction of assets, errors and omissions, workers compensation, and natural disasters for which the Transfer Station carries commercial insurance. During the year ended June 30, 2022, deductibles paid by the Transfer Station were insignificant. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during the past three fiscal years.

The Transfer Station 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 interlocal risk management programs.

Workers Compensation Pool

The Transfer Station 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.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Notes to the Financial Statements

NOTE 6 – LITIGATION AND CONTINGENCIES

The Transfer Station is not a defendant in any lawsuits that, in the opinion of the Transfer Station management in consultation with counsel, will have a material adverse effect on the financial condition of the Transfer Station.

NOTE 7 – DEFINED CONTRIBUTION PLAN

The Transfer Station provides retirement benefits through a single-employer defined contribution pension plan for all eligible employees. The Commissioners have oversight and fiduciary responsibility for the plan.

All eligible employees who have completed 1 year of service with a minimum of 1,000 hours during the year and who have reached age 21 are eligible for inclusion in the plan. The plan provides that benefits 100% vested at all times with respect to all of the amounts allocated to employees accounts. The Transfer Station contributes an amount equal to a percentage of each eligible employee's base compensation. For the period July 1, 2021 through December 31, 2021 the amount contributed was 9.25% and for the period January 1, 2022 through June 30, 2022 the amount contributed was 9.5%. During the year, the Transfer Station's contributions totaled \$5,725.

NOTE 8 – INTERLOCAL AGREEMENT

The interlocal transfer station agreement between the Towns of Voluntown and Sterling defines each town's responsibilities regarding the Transfer Station and its operation. Some important sections of this agreement not discussed otherwise in these footnotes are as follows:

The site, which is located on a large tract of land in Voluntown, owned by the Town of Voluntown, formerly was a farm. All previous ground contamination as defined is the responsibility of the town of Voluntown.

The ownership and cost of equipment, equipment repair, improvements, insurance and the annual audit will be shared equally. Net operating expenses are shared on a population per capita basis.

Both towns would share equally all costs of potential environmental litigation except as discussed regarding previous ground contamination.

Both towns will share equally any and all costs associated with permitting, re-permitting, closure and post-closure of the station.

Both towns are jointly responsible for all liabilities resulting from the joint operation of the Transfer Station.

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Notes to the Financial Statements

NOTE 9 – UPCOMING PRONOUNCEMENTS

GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 91 – *Conduit Debt Obligations* – The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the Transfer Station’s reporting period beginning July 1, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the Station’s reporting period beginning July 1, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* – This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this statement are effective for the Transfer Station’s reporting period beginning July 1, 2022.

GASB Statement No. 99 – *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Transfer Station’s reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the Transfer Station’s reporting period beginning July 1, 2023.

GASB Statement No. 100 – *Accounting Changes and Error Corrections* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for the Transfer Station’s reporting period beginning July 1, 2023.

GASB Statement No. 101 – *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the Transfer Station’s reporting period beginning July 1, 2024.

Required Supplementary Information

TOWN OF VOLUNTOWN/TOWN OF STERLING TRANSFER STATION

Schedule of Revenues and Expenditures

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Amended	Budgetary Basis	
REVENUES				
Town of Voluntown	\$ 55,475	\$ 55,475	\$ 51,479	\$ (3,996)
Town of Sterling	79,831	79,831	74,080	(5,751)
Permits and Fees	35,500	35,500	34,377	(1,123)
Recycling and Fees	9,000	9,000	13,607	4,607
Disposal Bags	48,040	48,040	50,556	2,516
Bulky Waste	6,855	6,855	7,905	1,050
CFC Removal	400	400	660	260
Tire Disposal Fee	700	700	634	(66)
Interest Income	-	-	3	3
Appropriation of Fund Balance	-	4,800	-	(4,800)
Total Revenues	<u>235,801</u>	<u>240,601</u>	<u>233,301</u>	<u>(7,300)</u>
EXPENDITURES				
Bag Purchases	8,000	8,000	7,152	848
Bookkeeping	6,100	6,100	6,100	-
Bulky Waste Disposal/Hauling	47,500	47,500	46,429	1,071
Equipment Purchase	-	4,800	4,800	-
Diesel Fuel	500	500	1,427	(927)
Hazardous Waste Day	3,000	3,000	-	3,000
Insurance - Workers' Compensation	5,550	5,550	5,114	436
Insurance - Bonds	117	117	117	-
Insurance - Stipends	1,500	1,500	1,500	-
Miscellaneous Expenditure	300	300	3,526	(3,226)
MSW Disposal Fee	36,000	36,000	32,776	3,224
Waste Oil	750	750	1,227	(477)
Postage	111	111	120	(9)
Payroll	95,771	95,771	93,006	2,765
Payroll Taxes	7,194	7,194	7,228	(34)
Monitoring	602	602	314	288
Payroll Expenditures	2,708	2,708	2,666	42
Permit & Sticker Purchase	1,325	1,325	1,273	52
Professional Fee - Audit	5,600	5,600	5,175	425
Repairs and Maintenance	2,000	2,000	772	1,228
Retirement Contribution	5,723	5,723	5,725	(2)
Security Services	300	300	300	-
Subcontracted Services	500	500	668	(168)
Supplies	350	350	454	(104)
Tires	1,000	1,000	2,054	(1,054)
Utilities - Electric	1,600	1,600	1,770	(170)
Utilities - Propane	500	500	259	241
Utilities - Telephone	1,200	1,200	1,349	(149)
Total Expenditures	<u>235,801</u>	<u>240,601</u>	<u>233,301</u>	<u>7,300</u>
Excess (Deficiency) of Revenues over Expenditures - Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accountant's report.

**Report on
Internal Control Over
Financial Reporting**

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

To the Board of Commissioners
Town of Voluntown/Town of Sterling Transfer Station

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, and each major fund of the Town of Voluntown/Town of Sterling Transfer Station (the "Transfer Station"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Transfer Station's basic financial statements, and have issued our report thereon dated August 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Transfer Station'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Transfer Station's internal control. Accordingly, we do not express an opinion on the effectiveness of the Transfer Station's internal control.

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

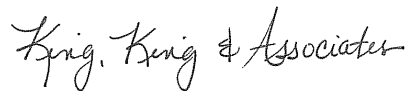
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



King, King & Associates, CPAs
Winsted, CT
August 22, 2022