

TOWN OF HAMDEN, CONNECTICUT

ANNUAL FINANCIAL REPORT

JUNE 30, 2022

TOWN OF HAMDEN, CONNECTICUT

TABLE OF CONTENTS

		<u>Page Number</u>
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4a-4f
Basic Financial Statements:		
Government-Wide Financial Statements:	<u>Exhibit</u>	
Statement of Net Position (Deficit)	A	5
Statement of Activities	B	6
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	7
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Governmental Funds	D	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities	E	9
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance – Budgetary Basis – Budget and Actual – General Fund	F	10
Statement of Net Position (Deficit) – Proprietary Funds	G	11
Statement of Revenues, Expenses and Changes in Net Position (Deficit) – Proprietary Funds	H	12
Statement of Cash Flows – Proprietary Funds	I	13
Statement of Fiduciary Net Position (Deficit) – Fiduciary Funds	J	14
Statement of Changes in Fiduciary Net Position (Deficit) – Fiduciary Funds	K	15
Notes to Financial Statements		16-61

TOWN OF HAMDEN, CONNECTICUT

TABLE OF CONTENTS

Required Supplementary Information:

Schedule of Changes in Net Pension Liability and Related Ratios – Pension Plan	RSI-1	62
Schedule of Changes in Net OPEB Liability and Related Ratios – Other Post Employee Benefits	RSI-2	63
Schedule of Employer Contributions – Pension Plan	RSI-3	64
Schedule of Town Contributions – Connecticut Municipal Employees' Retirement System	RSI-4	65
Schedule of Employer Contributions – Other Post Employee Benefits	RSI-5	66
Schedule of Investment Returns – Pension Plan	RSI-6	67
Schedule of Investment Returns – Other Post Employee Benefits	RSI-7	68
Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset) – Connecticut Municipal Employees' Retirement System	RSI-8	69
Schedule of the Town's Proportionate Share of the Net Pension Liability – Teachers' Retirement Plan	RSI-9	70
Schedule of the Town's Proportionate Share of the Net OPEB Liability – Teachers' Retirement Plan	RSI-10	71

Supplemental and Combining Nonmajor Fund Statements and Schedules:

	<u>Schedule</u>	<u>Page Number</u>
General Fund:		
General Fund Revenues and Other Financing Sources – Budgetary Basis – Budget and Actual	1	72-73
General Fund Expenditures and Other Financing Uses – Budgetary Basis – Budget and Actual	2	74-75
Non-Major Governmental Funds:		
Combining Balance Sheet	3	76-79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	4	80-83

TOWN OF HAMDEN, CONNECTICUT

TABLE OF CONTENTS

Internal Service Funds:

Combining Statement of Net Fund Position (Deficit)	5	84
Combining Statement of Revenues, Expenses and Changes in Net Fund Position (Deficit)	6	85
Combining Statement of Cash Flows	7	86

Custodial Funds:

Combining Statement of Fiduciary Net Position	8	87
Combining Statement of Changes in Assets and Liabilities	9	88

Other Schedules:

Schedule of Property Taxes Levied, Collected and Outstanding	10	89-90
Schedule of Debt Limitation	11	91-92

CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
301 Highland Avenue
Waterbury CT 06708

Main: 203-758-6658
Fax: 203-758-6758

INDEPENDENT AUDITOR'S REPORT

Board of Finance
Town of Hamden, Connecticut
Hamden, CT 06518

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hamden, Connecticut'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 governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hamden, Connecticut as of June 30, 2022, and the respective changes in the financial position, and, where applicable, cash flows thereof 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 Opinion

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 of America. Our responsibilities under those standards further described in the Auditor's Responsibilities for the Financial Statements section of our report. We are required to be independent of the Town of Hamden, Connecticut and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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, which raise substantial doubt about the Town of Hamden'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hamden's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in aggregate, which raise substantial doubt about the Town of Hamden'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 4a through 4f and the required supplemental information on pages 62-71, 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.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules, the schedule of property taxes levied, collected and outstanding, and the schedule of debt limitation are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 nonmajor fund financial statements and schedules described in the above paragraph are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the Town of Hamden, 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 Hamden, 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 Town of Hamden, Connecticut's internal control over financial reporting and compliance.

CLERMONT & ASSOCIATES, LLC
Waterbury, Connecticut

A handwritten signature in cursive script that reads "Clermont & Associates, LLC".

December 21, 2022

TOWN OF HAMDEN, CONNECTICUT

Management Discussion and Analysis

For the Fiscal Year ended June 30, 2022

Our discussion and analysis of the financial performance of the Town of Hamden, Connecticut (the "Town"), provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the liabilities and deferred inflows of resources of the Town of Hamden exceeded its assets and deferred outflows of resources, resulting in a total net position on June 30, 2022, of (\$961,072,395). The deficit in net position includes \$900 thousand of liabilities related to post-employment benefits.
- On a government-wide basis, during the year, the Town's net position decreased by \$14 million compared to a \$46 increase in 2021.
- At the close of the year, the Town of Hamden's combined governmental funds, on a current financial resources' basis, had a fund balance of \$42 million, an increase of \$23 million from the prior fiscal year fund balance of \$19 million. The sale of the Wintergreen Magnet School (\$16 million) and general fund operating surplus (\$6.2 million) help add to the fund balance increase.
- At the end of the 2022 fiscal year, the total fund balance for the General Fund alone was \$29 million, an increase of \$22 million from the prior fiscal year. The total General Fund balance at year-end represents 11% of the total General Fund budget appropriations for the fiscal year end June 30, 2022 (\$269 million). A portion of the fund balance (\$14.9 million) has been committed to future capital projects.
- The Town of Hamden's total long-term bonded indebtedness increased by \$780 thousand during the current fiscal year to \$309 million however, the Town's net pension and OPEB obligations were reduced by \$46 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Hamden's basic financial statements. The basic financial statements are comprised of 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 Town of Hamden's finances, in a manner similar to 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 and liabilities, with the difference reported as net position. The Town's net position – the difference between assets and liabilities – is one way to measure the Town's financial health. Over time, increases or decreases in net position may serve as an indicator of whether the financial health 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, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town of Hamden.

TOWN OF HAMDEN, CONNECTICUT

Management Discussion and Analysis

For the Fiscal Year ended June 30, 2022

The statement of activities presents information showing how the Town'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, for example uncollected taxes and earned but unused vacation leave.

Activities of the Town of Hamden encompass the Town's basic services and include governmental and community services, administration, public safety, health and welfare, and education. Property taxes, charges for services and state and federal grants finance most of these activities.

The government-wide financial statements (statement of net position and statement of activities) can be found in Exhibits A and B 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 of Hamden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town of Hamden 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 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 between governmental funds and governmental activities.

The Town of Hamden maintains 19 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 the Capital Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation as Nonmajor Governmental Funds.

The Town of Hamden adopts an annual 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 and expenditures on a budgetary basis can be found in Exhibit F. This information is reported as required supplementary information.

The basic governmental fund financial statements (balance sheet and statement of revenues, expenditures, and changes in fund balance) can be found in Exhibits C and D of this report.

Proprietary funds: The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for its self-insured medical and workers' compensation benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found in Exhibits G, H, and I of this report

TOWN OF HAMDEN, CONNECTICUT

Management Discussion and Analysis

For the Fiscal Year ended June 30, 2022

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Town's constituency. The Town has one pension trust fund, three private purpose trust funds and three agency funds. The basic fiduciary fund financial statements can be found in Exhibit J and K 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 immediately after the Exhibits in this report.

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. The Town of Hamden's governmental activities liabilities exceeded assets by \$962 million on June 30, 2022. The growth in the deficit from FY2021 to FY2022 concerns primarily assets with capital assets and liabilities associated with pension and other post-employment benefits.

Summary Statement of Net Position (Deficit)

	June 30, 2022	June 30, 2021
Current assets	\$	41,283,345
Deferred outflows on resources	21,608,550	101,497,073
Capital assets	228,936,683	259,267,079
Total assets and deferred outflows of resources	\$ 331,841,986	402,047,497
Other liabilities	\$ 43,122,488	27,721,717
Deferred inflows on resources	20,564,066	52,965,582
Long-term liabilities	1,229,227,827	1,269,598,854
Total liabilities and deferred inflows on	\$ 1,292,914,381	1,350,286,153
Net position (deficit):		
Investment in capital assets - net of related	\$ 13,408,384	62,667,079
Restricted	3,999,587	678,728
Unrestricted (deficit)	(978,480,366)	(1,011,584,463)
Total net position (deficit)	\$ (961,072,395)	(948,238,656)

By far the largest portion of the Town of Hamden's net position (deficit) reflects its investment in capital assets (such as land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding, and the unrestricted deficit position related to the net retirement obligations as well as the liabilities associated with retirement benefits.

TOWN OF HAMDEN, CONNECTICUT

Management Discussion and Analysis

For the Fiscal Year ended June 30, 2022

Summary of Statement of Activities

		June 30, 2022	June 30, 2021
Operating revenues:			
Charges for services	\$	9,432,248	7,692,405
Operating grants and contributions		60,106,394	71,904,857
Capital grants and contributions		195,502	661,945
General revenues:			
Property taxes		216,954,228	196,486,568
Grants not restricted to specific purposes		9,302,492	15,730,164
Unrestricted investment earnings		40,763	50,508
Miscellaneous		(6,786,001)	1,042,734
Total revenue	\$	<u>289,245,626</u>	<u>293,569,181</u>
Expenses:			
General government	\$	21,092,628	14,486,466
Public safety		50,382,625	35,707,134
Public works		28,252,143	19,090,693
Health and welfare		3,490,957	2,125,086
Culture and recreation		5,033,018	4,408,918
Education		181,329,102	158,679,985
Interest on long-term debt		12,556,186	12,558,451
Total expenses	\$	<u>302,136,659</u>	<u>247,056,733</u>
Changes in net position (deficit)	\$	(12,891,033)	46,512,448
Net position (deficit), beginning		<u>(948,238,656)</u>	<u>(994,751,104)</u>
Net position (deficit), ending	\$	<u>(961,072,395)</u>	<u>(948,238,656)</u>

The Town's net deficit decreased by \$14 million. This reduction in the deficit is principally due to the changes in the disposal of assets and net pension liability.

Governmental Activities

For governmental activities, approximately 75% of the revenues was derived from property taxes, followed by approximately 21% from intergovernmental revenues.

Major revenue factors included:

- Grant revenue decreased by \$21.2 million
- Charges for services increased by \$1.7 million
- Property tax revenue increased by \$20 million.

For governmental activities, approximately 60% of the Town's expenses relate to education, 7% relate to general government, 9% relate to public works operations, 17% to public safety, 4% to interest on debt, and the remaining 3% relate to health and welfare, community development, culture, and recreation.

TOWN OF HAMDEN, CONNECTICUT

Management Discussion and Analysis

For the Fiscal Year ended June 30, 2022

Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the Town of Hamden'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 of Hamden's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The **General Fund** is the chief operating fund of the Town of Hamden. At the end of the current fiscal year, the fund balance of the General Fund was \$29 million. The net remaining portion of \$14.9 million was received through the sale of the Wintergreen Magnet School, which has been committed to future capital projects.

As stated earlier, the fund balances of the Town of Hamden's General Fund increased by \$22 million during the current fiscal year. This increase was primarily due to the sale of a magnet school and the general fund's operating surplus.

The **Capital Project Fund** had a decrease in fund balance of \$1.1 million, which included \$7.3 million in capital expenditures and \$6 million in new bond issuances. The fund balance of \$12 million was derived from general obligation bonds and committed for future capital projects.

Proprietary funds: These funds include the self-insurance workers' compensation and medical funds, which ended the year with a \$12 million fund deficit, with a minimal change from the prior year. Included in this deficit were long-term claims of \$10 million, which was \$1.2 million more than the prior year's long-term claims payable.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were \$262 million, which were lower than budgetary estimates by \$2.5 thousand.

Actual expenditures and transfers out on a budgetary basis totaled \$255 million or \$9.14 million lower than budgeted. Major contributions to this saving were the restructuring of debt and the receipt of a bond premium.

Capital Assets and Debt Administration

Capital Assets: The Town of Hamden's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$457 million on a gross basis and \$229 million net of accumulated depreciation. This investment in capital assets includes land, buildings, land improvements, machinery and equipment, park facilities, roads, and bridges.

TOWN OF HAMDEN, CONNECTICUT

Management Discussion and Analysis

For the Fiscal Year ended June 30, 2022

Town of Hamden, Connecticut Capital Assets Net of Depreciation

	June 30, 2022	June 30, 2021
Governmental funds capital assets:		
Land	\$ 19,114,987	19,046,157
Land improvements	15,078,848	16,856,603
Buildings and improvements	138,299,319	154,374,444
Machinery and equipment	3,492,238	5,026,477
Infrastructure	39,075,962	24,704,988
Construction in progress	13,875,329	39,258,410
Total	\$ 228,936,683	259,267,079

The major capital asset events during the current fiscal year included the completion of several federally funded bridge projects and the sale of a magnet school building, which resulting in a current year deduction in the Town's capital assets.

Additional information on the Town of Hamden's capital assets can be found in Note 7 of this report.

Long-term debt: At the end of the current fiscal year, the Town of Hamden had total bonds payable outstanding of \$309 million, compared to \$308 million at the beginning of the year. 100% of this debt is backed by the full faith and credit of the Town government.

The Town has been active in reducing the long-term liabilities derived from pension and other post-employment obligations by increasing its contributions to the fund. The Town contributes annually to an irrevocable trust for future OPEB obligations and continues to pay the actuarial required contribution to the Town's pension.

Additional information on the Town's long-term debt can be found in Note 8.

FY 2022/2023

Over the next several years, the Town of Hamden will continue to face significant budgetary challenges, chiefly the following: 1) building its general fund balance; 2) improving the funding of its pension plan; 3) restructure general obligation debt and 4) contributing to Other Post-Employment Benefits ("OPEB").

Requests for Information

This financial report is designed to provide a general overview of the Town of Hamden'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 financial information should be addressed to the Director of Finance, Hamden Government Center, 2750 Dixwell Avenue, Hamden, Connecticut 06518.

STATEMENT OF NET POSITION (DEFICIT)
June 30, 2022

	Primary Government Governmental Activities
Assets:	
Cash and cash equivalents	\$ 56,852,710
Investments	6,191,386
Receivables, net	16,121,725
Inventory	60,499
Prepaid expenses	70,174
Due to fiduciary funds	2,000,259
Capital assets:	
Capital assets, not being depreciated	32,990,316
Capital assets, being depreciated, net	195,946,367
Total assets	\$ 310,233,436
Deferred outflows of resources:	
Cost of debt restructure	\$ 1,062,532
Pension and other post retirement	20,546,018
Deferred outflows of resources	\$ 21,608,550
Liabilities:	
Accounts payable and accrued expenses	\$ 17,072,385
Accrued interest	5,897,171
Payments in advance	10,109,929
Incurred but not reported	10,043,003
Noncurrent liabilities:	
Due within one year	12,995,000
Due in more than one year	1,216,232,827
Total liabilities	\$ 1,272,350,315
Deferred inflows of resources:	
Pension and other post retirement	\$ 18,178,204
Advance tax collections	2,385,862
Total deferred inflows of resources	\$ 20,564,066
Net position:	
Invested in capital assets, net of related debt	\$ 13,408,384
Restricted	3,999,587
Unrestricted	(978,480,366)
Total net position (deficit)	\$ (961,072,395)

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

TOWN OF HAMDEN, CONNECTICUT

EXHIBIT B

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/programs	Expenses	Program Revenues Charges for Services	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets
			Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities Total
Primary government:					
Governmental activities:					
General government	\$ 21,092,628	4,998,773			(16,093,855)
Public safety	50,382,625	3,173,994	417,561		(46,791,070)
Public works	28,214,849	106,476	2,594,752	195,502	(25,318,119)
Health and welfare	3,490,957	162,248	369,013		(2,959,696)
Culture and recreation	5,013,018	418,957	524,590		(4,069,471)
Education	181,329,102	571,800	56,200,478		(124,556,824)
Interest on long-term debt	12,556,186				(12,556,186)
Total governmental activities	\$ 302,079,365	9,432,248	60,106,394	195,502	(232,345,221)
Total primary government	\$ 302,079,365	9,432,248	60,106,394	195,502	(232,345,221)

General revenues:

Property taxes	\$ 216,954,228
Grants and contributions not restricted for specific programs	9,302,492
Investment income	40,763
Sale of assets	(7,589,116)
Other unrestricted income	803,115

Total general revenues \$ 219,511,482

Change in net position \$ (12,833,739)

Net position, beginning (948,238,656)

Net position, ended \$ (961,072,395)

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	Major Funds		Nonmajor	Total
	General	Capital Project	Governmental Funds	Governmental Funds
Assets:				
Cash and cash equivalents	\$ 29,546,889	21,671,706	5,346,328	56,564,923
Investments	6,191,386			6,191,386
Receivables, net	12,998,774	254,093	2,868,858	16,121,725
Due from other funds	8,357,385		6,276,404	14,633,789
Prepaid expenses	70,174			70,174
Inventories			60,499	60,499
Total assets	\$ 57,164,608	21,925,799	14,552,089	93,642,496
Liabilities:				
Accounts and other payables	\$ 12,107,134	3,704,109	1,187,429	16,998,672
Payments in advance			10,109,929	10,109,929
Due to other funds	2,056,493	5,725,855	2,616,604	10,398,952
Total liabilities	\$ 14,163,627	9,429,964	13,913,962	37,507,553
Deferred inflows of resources:				
Unavailable revenues	\$ 11,744,234			11,744,234
Advance tax payments	2,383,863			2,383,863
Total deferred inflows of resources	\$ 14,128,097	-	-	14,128,097
Fund balances:				
Nonspendable	\$ 70,174		60,499	130,673
Restricted for:				
Donor's intentions	1,008,512		2,931,075	3,939,587
Committed for:				
Other	14,870,442	12,495,835	773,069	28,139,346
Assigned			125,583	125,583
Unassigned	12,923,756		(3,252,099)	9,671,657
Total fund balances	\$ 28,872,884	12,495,835	638,127	42,006,846
Total liabilities, deferred inflows of resources and fund balances	\$ 57,164,608	21,925,799	14,552,089	

Amounts reported for governmental activities in the statement of net assets (**Exhibit A**) are different because:

Capital assets used in the governmental activities are not financial resources, and therefore, are not reported in the funds.	228,936,683
Other long-term assets and deferred inflows/outflows of resources are not available to pay for current period expenditures, and therefore, are deferred in the funds.	14,110,049
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities column in the statement of net assets.	(12,063,507)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds. (includes \$576,246,596 OPEB liability)	(1,234,062,466)
Net position (deficit) of governmental activities (Exhibit A)	\$ (961,072,395)

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2022

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Revenues:				
Property taxes and assessments	\$ 216,415,904			216,415,904
Intergovernmental	45,811,791	148,402	23,045,479	69,005,672
Charges for services	8,520,673		471,259	8,991,932
Investment income	39,311		1,452	40,763
Miscellaneous	1,039,000		783,017	1,822,017
Total revenues	<u>\$ 271,826,679</u>	<u>148,402</u>	<u>24,301,207</u>	<u>296,276,288</u>
Expenditures:				
Current:				
General government	\$ 13,729,940			13,729,940
Public safety	31,822,342		467,289	32,289,631
Public works	13,869,078		319,464	14,188,542
Public health	2,288,172		196,937	2,485,109
Culture and recreation	3,120,331		246,154	3,366,485
Education	101,764,511		20,821,593	122,586,104
Other	82,254,295		461,221	82,715,516
Capital outlay		7,363,237		7,363,237
Debt service	17,253,609			17,253,609
Total expenditures	<u>\$ 266,102,278</u>	<u>7,363,237</u>	<u>22,512,658</u>	<u>295,978,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,724,401</u>	<u>(7,214,835)</u>	<u>1,788,549</u>	<u>298,115</u>
Other financing sources (uses):				
Transfer from other funds	\$			-
Transfer to other funds	11,984		(11,984)	-
Sale of asset	14,870,442		1,129,558	16,000,000
Proceeds from sale of bonds	980,086	6,040,000		7,020,086
Total other financing sources (uses)	<u>\$ 15,862,512</u>	<u>6,040,000</u>	<u>1,117,574</u>	<u>23,020,086</u>
Net changes in fund balances	<u>\$ 21,586,913</u>	<u>(1,174,835)</u>	<u>2,906,123</u>	<u>23,318,201</u>
Fund balances (deficits) - beginning	<u>7,285,971</u>	<u>13,670,670</u>	<u>(2,267,996)</u>	<u>18,688,645</u>
Fund balances (deficits) - ended	<u><u>\$ 28,872,884</u></u>	<u><u>12,495,835</u></u>	<u><u>638,127</u></u>	<u><u>42,006,846</u></u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Differences in amounts reported for government-wide activities in the Statement of Activities are due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 23,318,201
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. This is the amount by which capital outlays exceeded depreciation in the current period.	(30,330,396)
Deferred inflows and outflows of resources previously recognized in the statement of activities that provided current financial resources in the current year.	(46,236,856)
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	40,747,015
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>(331,703)</u>
Change in net position of governmental activities (Exhibit B)	\$ <u><u>(12,833,739)</u></u>

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

TOWN OF HAMDEN, CONNECTICUT

EXHIBIT F

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE -
 BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 217,167,137	217,167,137	216,415,904	(751,233)
Intergovernmental	35,175,148	35,175,148	35,437,458	262,310
Charges for services	3,040,257	4,390,257	2,863,235	(1,527,022)
Investment income	250,000	250,000	39,311	(210,689)
Licenses, permits and fees	4,013,413	4,342,180	5,361,543	1,019,363
Other revenues	2,773,000	3,241,422	1,038,992	(2,202,430)
Total revenues	\$ 262,418,955	264,566,144	261,156,443	(3,409,701)
Expenditures:				
Current:				
General government	\$ 15,020,710	15,286,585	13,698,721	(1,587,864)
Public safety	32,348,962	33,600,093	31,822,342	(1,777,751)
Public works	13,658,933	14,266,433	13,869,078	(397,355)
Health and welfare	2,241,421	2,724,723	2,288,172	(436,551)
Culture and recreation	3,259,176	3,237,433	3,120,331	(117,102)
Education	91,394,925	91,394,925	91,390,178	(4,747)
Employee benefits	80,585,984	84,905,945	82,254,295	(2,651,650)
Debt service:				
Principal retirements	7,150,000	7,150,000	7,463,128	313,128
Interest and other charges	14,768,844	14,768,844	9,790,481	(4,978,363)
Restructure	1,990,000	1,990,000		(1,990,000)
Total expenditures	\$ 262,418,955	269,324,981	255,696,726	(13,628,255)
Revenues over (under) expenditures	\$ -	(4,758,837)	5,459,717	10,218,554
Other financing sources (uses):				
Proceeds from sale of bonds	\$		980,086	980,086
Transfers in			11,984	11,984
Total other financing sources (uses)	\$ -	-	992,070	992,070
Revenues over expenditures and other financing sources (uses)	\$ -	(4,758,837)	6,451,787	11,210,624
Subsequent year's prepaid expenses			(70,174)	
Net change in unassigned fund balance			\$ 6,381,613	
Unassigned fund balance, July 1, 2021			6,542,143	
Unassigned fund balance, June 30, 2022			\$ 12,923,756	

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

STATEMENT OF NET POSITION (DEFICIT)
 PROPRIETARY FUNDS
 June 30, 2022

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 287,787
Total assets	\$ 287,787
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 73,713
Due to other funds	2,234,578
Total current liabilities	\$ 2,308,291
Noncurrent liabilities:	
Incurred, but not reported claims	\$ 10,043,003
Total noncurrent liabilities	\$ 10,043,003
Total liabilities	\$ 12,351,294
Net position (deficit):	
Unrestricted	\$ (12,063,507)
Total net position (deficit)	\$ (12,063,507)

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (DEFICIT)
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2022

	Governmental Activities <u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 29,560,000
Employer's contribution	<u>3,908,192</u>
Total operating revenues	\$ <u>33,468,192</u>
Operating expenses:	
Claims	\$ <u>33,799,895</u>
Total operating expenses	\$ <u>33,799,895</u>
Operating income (loss)	\$ <u>(331,703)</u>
Change in net fund position	\$ (331,703)
Net position (deficit), beginning	<u>(11,731,804)</u>
Net position (deficit), ended	\$ <u>(12,063,507)</u>

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2022

	Governmental Activities <u>Internal Service Funds</u>
Cash flows from operating activities:	
Receipts from customers	\$ 33,468,192
Payments for benefits	(32,633,235)
Internal activity-payments from (to) other funds	<u>(687,624)</u>
Net cash flows from operating activities	\$ 147,333
Net increase (decrease) in cash and cash equivalents	\$ 147,333
Cash and cash equivalents, beginning	<u>140,454</u>
Cash and cash equivalents, ended	<u><u>\$ 287,787</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ (331,703)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in due to other funds	(687,624)
Increase (decrease) in accounts payable	(48,779)
Increase (decrease) in claims payable	<u>1,215,439</u>
Net cash flows from operating activities	<u><u>\$ 147,333</u></u>

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

STATEMENT OF FIDUCIARY NET POSITION (DEFICIT)
 FIDUCIARY FUNDS
 June 30, 2022

	Pension Trust Fund	Other Post Employment Benefit Fund	Custodial Accounts
Assets:			
Cash and cash equivalents	\$ 3,815,696	2,038,338	860,418
Investments, fair value	181,587,158		
Accounts receivable	58,884	976,256	
Due from general fund			77,450
Prepaid expenses	31,085		
Total assets	\$ 185,492,823	3,014,594	937,868
Liabilities:			
Accounts payable and accrued expenses	\$ 250,000		
Due to general fund		2,077,709	
Other liabilities		1,070,000	
Total liabilities	\$ 250,000	3,147,709	-
Fiduciary net position:			
Net position - restricted for pension	\$ 185,242,823		
Net position - held for others			10,148
Net position - held for contractors			675,185
Net position - held for students			252,535
Net position (deficit)		(133,115)	
Total fiduciary net position (deficit)	\$ 185,242,823	(133,115)	937,868

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (DEFICIT)
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2022

	Pension Trust Funds	Other Post Employment Benefit Fund	Custodial Accounts
Additions:			
Contributions:			
Town of Hamden	\$ 23,731,512	16,550,000	
Employees	1,304,947	1,520,910	
Other	2,763	1,101,473	11
Total contributions	<u>\$ 25,039,222</u>	<u>19,172,383</u>	<u>11</u>
Investment earnings:			
Net increase in fair value of investments	\$ (15,084,978)		
Interest and dividends	3,140,841	1,070	
Less: investment expenses	(554,991)		
Total investment earnings	<u>\$ (12,499,128)</u>	<u>1,070</u>	<u>-</u>
Total additions	<u>\$ 12,540,094</u>	<u>19,173,453</u>	<u>11,714</u>
Deductions:			
Benefits paid to participants	\$ 30,352,768	17,660,917	
Administrative expenses	552,434		
Other deductions			349,409
Total deductions	<u>\$ 30,905,202</u>	<u>17,660,917</u>	<u>349,409</u>
Change in net position	<u>\$ (18,365,108)</u>	<u>1,512,536</u>	<u>(337,695)</u>
Net position (deficit), beginning	<u>203,607,931</u>	<u>(1,645,651)</u>	<u>1,275,563</u>
Net position (deficit), ended	<u>\$ 185,242,823</u>	<u>(133,115)</u>	<u>937,868</u>

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The Town of Hamden, Connecticut (the "Town") was founded in 1664 and incorporated as a Town in 1786. The Town covers an area of 33 square miles and is located approximately 70 miles northeast of New York City and 30 miles southwest of Hartford, Connecticut.

The Town is a municipal corporation governed under a Council/Mayor form of government and provides a full range of services including public safety, roads, sanitation, health, social services, culture and recreation, education, planning and zoning, and general administrative services to its residents.

Measurement focus, basis of accounting and financial statement presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements, which are described below.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately than *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of, 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. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity, or internal balances, has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the business-type funds and the various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Fund financial statements

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are levied on all taxable assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real estate taxes are payable in two installments (July 1 and January 1). Personal property taxes are payable annually (July 1) and motor vehicle taxes are due in one single payment on July 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments, and interest revenue. Fines, permits, and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental revenue grants and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and received after 60 days of the fiscal year end.

The Town reports the following major governmental funds:

The **general fund** is the general operating fund of the Town's government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

The **capital projects fund** is used to account for resources used for capital expenditures or for the acquisition or construction of capital facilities, improvements, and equipment. Most of the capital outlays are financed by the issuance of general obligation bonds and capital grants. Other sources include current tax revenues and low interest state loans.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

The other governmental funds of the Town are considered nonmajor and are as follows:

The **special revenue funds** are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The **capital project funds** are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlay.

The **permanent fund** is used to account for assets which are committed to specific purposes.

Additionally, the Town reports the following fund types:

The **internal service funds** account for employee medical and workers' compensation insurance provided to employees of the Town.

The **private-purpose trust fund** is used to account for assets held by the Town in a trustee capacity or as an agent on behalf of others.

The **custodial funds** account for monies held as a custodian for outside groups and agencies such as student activity funds, senior trip funds and performance bonds.

The **pension trust** and **other post employment benefit funds** are used to account for the accumulation of resources to be used for retirement benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their government-wide and propriety fund financial statements subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for the internal service funds include the cost of providing and administering the employee benefits. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Assets, liabilities and net assets or equity

Cash and cash equivalents

The Town considers cash on hand, deposits, and short-term investments, with an original maturity of three months or less, to be cash and cash equivalents.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Investments

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

Inventories

Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable as financial resources.

All accounts and property tax receivables are shown net of an allowance for uncollectible accounts. Trade account receivables allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

Capital assets

Capital assets, which include property, plant and 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 government as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of two years.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the net assets or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the business-type activities is included as part of the capitalized value of the assets constructed.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

<u>Asset</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	25-50
Infrastructure	10-65
Machinery and equipment	5-20

Capital assets are reported as expenditures and no depreciation expense is reported in the governmental fund financial statements.

Compensated absences

Under the terms of its various union contracts, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation days to subsequent years based on the terms of an employment or union contract. In the event of termination, these employees are reimbursed for accumulated vacation. The Town recognizes a liability in the government-wide financial statements for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

Deferred outflows/inflows of resources

The statement of net position (Exhibit A) reports a separate section for deferred outflows of resources. This separate financial element represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources until a future period. The Town reports borrowing costs as well as a deferred charge on refunding as a result from the differences in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the related debt. A deferred outflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and will be included as pension expense in a systematic and rational manner.

The statement of net position (Exhibit A) and the balance sheet for the government funds (Exhibit C) report a separate section for deferred inflows of resources. This separate financial element represents the addition of net position or fund balance that applies to future periods and will not be recognized as revenue until that time. The Town reports advance tax collections in the statement of net position and the balance sheet for the government funds. The Town reports a deferred inflow of resources related to pensions in the statement of net position.

A deferred inflow of resources related to pension results from differences between expected and actual experience and changes in assumptions. These amounts are deferred and included in pension expense in a systematic and rational manner. The government funds report unavailable revenue, which arises only under the modified accrual basis of accounting because it does not meet the measurable and available criteria for the recognition in the current period.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Net pension liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

Net OPEB liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

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 or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms of the related debt.

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 the debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity and net position

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

Investment in capital assets, net of related debt - This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

The **restricted net position** represents amounts of external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The **unrestricted net position** represents the net position of the Town which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified into five separate categories. The five categories and their general meanings are as follows:

The **nonspendable fund balances** are those net assets that are not in expendable form or are legally or contractually required to be maintained.

The **restricted fund balances** are defined in the same manner as for the restricted government-wide net assets.

The **committed fund balances** are those balances that can only be used for a specific purpose as a result of constraints imposed by formal action of the government's highest level of decision-making authority. For the *Town of Hamden*, that was considered to be the Legislative Council.

Assigned fund balances are amounts that are contained by the government's intent to be used as a specific purpose.

Unassigned fund balance is defined as the residual classification for the General Fund and includes those remaining balances that cannot be categorized in the above four categories.

When both restricted and unrestricted amounts are available for use, it is the Town's practice to use restricted resources first. Additionally, the Town would first use committed, then assigned, and lastly unassigned.

Fair value of financial instruments

In accordance with GASB 72, the Town 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** 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 asset 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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.

Investments are carried at fair value based on quoted market prices and net asset value and are presented in Note 4 and Note 9.

Note 2 - Budgets and Budgetary Accounting

General Fund

The budgetary basis of accounting and the Town's general budget policies are as follows:

- A. Not later than 105 days prior to the beginning of the fiscal year, the Mayor prepares and submits to the Legislative Council an annual budget based on detailed estimated revenues and expenditures for the Town.
- B. The Legislative Council must hold public hearings not later than 60 days before the beginning of the fiscal year, at which time taxpayers' comments are obtained.
- C. Not later than 45 days prior to the beginning of the fiscal year, the Legislative Council must adopt the budget.
- D. With approval from the Mayor, the Legislative Council may transfer any unencumbered appropriation from one department, commission, board, or office to another. Any additional appropriation over and above the budget total may be made by resolution of the Legislative Council upon recommendation of the Mayor and certification from the Director of Finance that there is an unappropriated, unencumbered General Fund cash balance available to meet the additional appropriation. Unencumbered appropriations lapse at year-end.
- E. Formal budgetary integration is employed as a management control device during the year for the General Fund. Only the General Fund is required to be budgeted.
- F. The legal level of control is at the department level.
- G. Encumbrances are recognized as a valid and proper charge against a budget issued 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 of the current year. If an appropriation is not encumbered, it lapses at year-end and may not be used by the department.
- H. Classifications of certain revenues and expenditures under accounting principles generally accepted in the United States of America differ from classifications utilized for budgetary purposes.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

A reconciliation of General Fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America (GAAP) is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, budgetary basis	\$ 261,156,443	255,696,726
Activity of the document preservation Fund	295,903	31,219
State Teachers' Retirement and OPEB "on-behalf" payment, not recognized for budgetary purposes	<u>10,374,333</u>	<u>10,374,333</u>
Balance, GAAP basis	\$ <u>271,826,679</u>	<u>266,102,278</u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants and, therefore, may comprise more than one fiscal year.

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements or Connecticut State Statutes. Capital appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the government fund balance sheet and the government-wide statement of net position

The details of the components included in Exhibit C are as follows:

Capitalized assets are expensed in the fund financial statements in the period the expense is incurred while the expense is incurred over the useful life of the related asset in the government-wide financial statements:

Land	\$ 19,114,987
Construction in progress	13,875,329
Net capital assets being depreciated	<u>195,946,367</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$ <u>228,936,683</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Long-term debt	\$ 308,755,000
Cost of debt restructure	(1,062,532)
Net obligations on retirement plans	323,283,066
Net obligations on Other post employment benefits	576,246,596
Compensated absences	9,490,456
Heart and hypertension	604,049
Claims and judgments	60,000
Accrued interest on debt	5,897,171
Deferred Bond Premium	<u>11,750,934</u>
Net adjustment to reduce fund balance to arrive at net assets of government activities	\$ <u>1,235,024,740</u>

Other long-term assets and deferred inflows and outflows are not available to pay for current period expenditures and, therefore, are deferred in the funds. This amount includes the following:

Delinquent property tax and interest	\$ 2,367,814
Deferred inflows/outflows related to pension and OPEB	<u>11,742,235</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$ <u>14,110,049</u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "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." The details of this difference are as follows:

Acquisitions	\$ 3,532,995
Disposals	(23,589,116)
Depreciation	<u>(10,274,275)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net assets of governmental activities	\$ <u>30,330,396</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Another element of that reconciliation states that "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, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Payments of debt	\$ 5,260,000
New Issuance	(6,040,000)
Bond premiums and savings, net of amortization	(1,918,651)
Cost of debt restructure, net of amortization	(56,617)
Net change in net obligation on retirement plans and OPEB	45,505,820
Net change in other long-term liabilities	(2,436,142)
Accrued interest on debt	432,605
Net adjustment to reduce net changes in fund balances to arrive at changes in net position of governmental activities	<u>\$ 40,747,015</u>

Note 4 - Deposits and Investments

The Town's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and cash equivalents:			
Governmental funds	\$ 56,564,923		56,564,923
Internal service funds	287,787		287,787
Fiduciary funds	6,714,452		6,714,452
Investments:			
Government funds		6,191,386	6,191,386
Fiduciary funds (pension)		181,587,158	181,587,158
Total deposits and investments	<u>\$ 63,567,162</u>	<u>187,778,544</u>	<u>251,345,706</u>

Deposits

Custodial credit risk

As of June 30, 2021, the carrying amount of the Town's deposits had bank balances of approximately \$56,592,786. The amount of the bank balance covered under federal depository insurance was approximately \$1,000,000. The remaining deposits were uninsured; however, provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2022, approximately \$5,700,000 of uninsured deposits were collateralized under the provision.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Investments

As of June 30, 2022, the Town held the following investments:

<u>Investment Type</u>	<u>Fund</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy Level</u>	<u>Weighted Average to Maturity (years)</u>
State investment fund	General fund	\$ 6,191,386	1	.02
Equity real estate	Trust funds	33,005,887	1	n/a
Common stock	Trust funds	42,144,364	1	n/a
Mutual funds	Trust funds	<u>106,436,907</u>	1	n/a
Total Investments		<u>\$ 187,778,544</u>		

Interest rate risk

Interest rate risk is the risk that changes in the market interest rates which will adversely affect the fair value of an investment. The Town has no formal policy specifically related to interest rate risk. The Town minimizes its exposure to interest rate risk by investing its operating funds in short-term investments.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. It is the Town's policy to invest only in securities that meet the ratings requirements set by General State Statute Chapter 112, Section 7-400 as follows:

Investment policies

The Town maintains an investment policy, which excludes certain private purpose fund investments. The Town's investment policy strictly prohibits all funds to invest in investments not included in Chapter 12, Section 7-400 of the State Connecticut's General Statutes.

Investments related to pension are discussed further in Note 9 of the notes to the financial statements.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Note 5 - Receivables, Payables, and Unearned or Unavailable Funds

Receivables

The receivables as of June 30, 2022 for the Town's individual major funds and non-major, internal service and fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	General Fund	Capital Fund	Non-major Funds	Total
Property taxes	\$ 8,779,759			8,779,759
Interest on delinquent taxes	4,258,596			4,258,596
Intergovernmental		254,093	2,868,858	3,122,951
Accounts	527,725			527,725
Allowance for uncollectible	(569,306)			(569,306)
Net total receivables	\$ 12,996,774	254,093	2,868,858	16,119,725

Deferred payments and unavailable receipts

Governmental funds did not recognize revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in the current period. Governmental funds also did not recognize revenue recognition in connection with resources that have been received but not yet earned. At the end of the fiscal year the components of receipts not recognized and unearned revenues reported in the governmental fund were as follows:

	Unavailable	Unearned	Total
General Fund:			
Delinquent property taxes	\$ 7,356,309		7,356,309
Interest on delinquent taxes	4,083,258		4,083,258
Overpayment on property taxes		189,964	189,964
Delinquent accounts	304,667		304,667
Advance payments on taxes		2,193,899	2,193,899
Non-major Funds:			
Advanced payments on grants		10,109,929	10,109,929
Total deferred payments and unavailable receipts	\$ 11,744,234	12,493,792	24,238,026

Payables

Payables as of June 30, 2022 for the Town's individual major funds and non-major funds were as follows:

	Vendors	Payroll	Total
General fund	\$ 4,912,431	7,120,990	12,033,421
Capital projects fund	3,704,109		3,704,109
Non-major funds	1,187,429		1,187,429
Internal Service funds	73,713		73,713
Total payables	\$ 9,877,682	7,120,990	16,998,672

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2022

Note 6 - Inter-fund Receivables and Payables

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2022 consisted of the following:

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General fund	\$ 8,357,385	2,056,493
Capital projects		5,725,855
Nonmajor	6,276,404	2,616,604
Internal services		2,234,578
Total governmental funds	\$ 14,633,789	12,633,530
Custodial Funds	77,450	
Other post employments benefits		2,077,709
Total Inter-funds receivable and payables	\$ 14,711,239	14,711,239

Note 7 - Capital Assets

Capital assets activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,046,157	68,830		19,114,987
Construction in progress	39,258,410	498,482	25,881,563	13,875,329
Total capital assets, not being deprec.	\$ 58,304,567	567,312	25,881,563	32,990,316
Capital assets being depreciated:				
Land improvements	\$ 35,947,568	12,713		35,960,281
Buildings and improvements	248,229,905	12,491,701	33,582,076	227,139,530
Machinery and equipment	27,925,767	505,927		28,431,694
Infrastructure	116,920,714	15,836,905		132,757,619
Total capital assets being depreciated	\$ 429,023,954	28,847,246	33,582,076	424,289,124
Less: accumulated depreciation:				
Land improvements	\$ 19,090,965	1,790,468		20,881,433
Buildings and improvements	93,855,461	4,977,710	9,992,960	88,840,211
Machinery and equipment	22,899,290	2,040,166		24,939,456
Infrastructure	92,215,726	1,465,931		93,681,657
Total accumulated depreciation	\$ 228,061,442	10,274,275	9,992,960	228,342,757
Net capital assets, being depreciated	\$ 200,962,512	18,572,971	23,589,116	195,946,367
Total capital assets, governmental	\$ 259,267,079	19,140,283	49,470,679	228,936,683

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:

General government	\$ 1,506,740
Education	3,409,278
Public safety	629,692
Public works	4,326,906
Health and welfare	37,769
Community services	363,890
Total depreciation expense- governmental activities	\$ 10,274,275

Note 8 - Long-Term Liabilities

The long-term liabilities activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental activities:					
Long-term debt:					
G.O. bonds	\$ 220,715,000		18,540,000	202,175,000	8,390,000
G.O. refunding bonds	87,260,000	19,320,000		106,580,000	4,575,000
Total long-term debt	\$ 307,975,000	19,320,000	18,540,000	308,755,000	12,965,000
Deferred amount on:					
Bond premium	8,870,009	3,030,139	1,111,488	10,788,660	
Net long-term debt	\$ 316,845,009	22,350,139	19,651,488	319,543,660	12,965,000
Other long-term liabilities					
Net pension liability	270,656,881	24,028,209		294,685,090	
Net pension liability - CMERS	40,921,009		12,323,033	28,597,976	
Net OPEB liability	633,457,592		57,210,996	576,246,596	
Compensated absences	6,962,384	2,528,072		9,490,456	
Claims payable	90,000		30,000	60,000	30,000
Heart and hypertension	665,979		61,930	604,049	
Total governmental activities long-term liabilities	\$ 1,269,598,854	48,906,420	87,277,447	1,229,227,827	12,995,000

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

General obligation bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and the funding of the pension. General obligation bonds have been issued, are direct obligations, and pledge the good faith and credit of the government. As of June 30, 2022, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>General</u>	<u>Refunding</u>
\$4,000,000 G.O.B. taxable 2009B , issue of 8/15/2009, due 8/15/2024, interest at 5.0% to 5.5%, annual principal payments of \$265,000.	\$ 795,000	
\$24,705,000 G.O.B. 2012 , issue of 8/15/2012 with interest of 2.5% to 5.0% and principal payments of \$1,235,000 due annual until 2027. Final term note of \$6,175,000 due 8/15/2032.	10,865,000	
\$29,415,000 G.O.B. refunding 2013 , issue of 5/2/2013, due 8/25/2025, interest of 5.0%, annual principal payments of \$2,625,000.		12,855,000
\$26,405,000 G.O.B. 2014A , issue of 8/24/214, due 8/15/2034, interest at 2.0% to 5.0%, annual principal payments of \$1,320,000.	14,520,000	
\$15,545,000 G.O.B. 2015 refunding , issue of 5/2/2013, due 8/25/2029, interest at 2% to 5.0%, annual principal payments of \$600,000 to 4,570,000.		4,570,000
\$125,000,000 G.O.B. pension funding bond (taxable) 2015 , issue of 2/25/2015. Interest rate of 4.0%-5.2%. Annual principal payments of \$2,070,000-\$3,010,000 until 2025. Term bonds of \$17,445,000, 22,325,000 and 57,815,000 due 8/15/2030, 8/15/2035 and 8/15/2044, respectively.	108,850,000	
\$15,545,000 G.O.B. 2015 , issue of 6/03/15, due 8/15/2029, interest at 2.0% to 5.0%, annual principal payments of \$495,000 to \$2,945,000.	9,860,000	
\$28,535,000 G.O.B. 2016 , issue of 8/15/2016, due 8/25/2036, interest at 3.0-5.0%, annual principal payments of \$1,425,000 to \$1,430,000.	21,385,000	
\$13,205,000 G.O.B. 2017A refunding , issue of 7/19/2017, due 8/15/2027, interest at 3.00% to 5.0%, annual principal payments of \$370,000 to \$4,835,000.		11,635,000
\$11,510,000 G.O.B. 2017B , issue of 8/10/2017, due 8/15/2037, interest at 4.0% to 5.25%, annual principal payments of \$575,000 to \$580,000.	9,200,000	
\$10,605,000 Refunding 2018A , issue of 7/17/18, term payments of \$1,252,000 due 8/15/2029, and \$9,080,000 due 8/15/2030 with interest of 5.00%.		10,605,000
\$33,660,000 G.O.B. refunding taxable 2018B , issue of 7/17/2018, due 8/15/2029, interest at 3.61% to 4.08%, annual principal payments of \$1,040,000 to \$8,265,000.		33,660,000
\$11,400,000 G.O.B. 2018 , issue of 6/19/2018, due 8/15/2038, interest at 6.0%, annual principal payments of \$600,000 and term bonds payment due 2033 and 2038 for \$3,000,000.	10,200,000	
\$21,290,000 G.O.B. 2020A , issue of 7/22/2020, due 8/1/2039, interest at 5.0%, annual principal payments of \$585,000 to \$2,280,000 and term bond payment due 2032, 2035 and 2039 for \$5,255,000, \$3,190,000 and \$4,965,000, respectively with sinking fund requirements beginning 2031.	16,500,000	4,790,000
\$9,145,000 G.O.B refunding 2020B , issue of 7/22/2020, due 8/1/2031, interest at 2.8%, full payment due at end of term.		9,145,000
\$19,320,000 G.O.B refunding 2021 , issue of 8/15/2021, due 8/15/2036, interest at 3%-5% with annual principal payments of \$300,000-\$2,040,000 and term bond of \$1,500,000 due August 26, 2041.		19,320,000
	<u>202,175,000</u>	<u>106,580,000</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Total general obligation bonds \$ _____

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2023	\$ 12,965,000	14,419,169
2024	16,690,000	13,341,938
2025	17,395,000	12,595,255
2026	18,260,000	11,834,183
2027	19,230,000	10,998,219
2028-2032	111,205,000	40,751,029
2033-2037	53,295,000	21,288,450
2038-2042	37,370,000	10,381,034
2043-2045	22,345,000	1,783,210
Total	\$ 308,755,000	137,392,487

Bonds authorized but unissued

Under regulations issued by the Internal Revenue Service, effective March 2, 1992, in order for capital projects to be funded through tax-exempt debt, all projects must be appropriated and designated as being funded through debt prior to any expenditure on these projects.

The Town has authorized but unissued bonds relating to capital projects at June 30, 2022, as follows:

General purpose	\$ 19,946,000
Schools	2,200,000
Total	\$ 22,146,000

The Town expects these programs to be fully funded by state and federal grants. In addition, the Town has authorized and unissued \$60,000,000 bonds to refund existing debt.

Legal debt limit

The Town's indebtedness (including authorized but unissued bonds), net of principal reimbursements expected from the state, does not exceed the legal debt limitation as required by the Connecticut General Statutes as reflected in the following schedule:

Category	Debt Limit	Indebtedness	Balance
General	\$ 463,960,406	143,204,500	320,755,906
Schools	975,617,676	56,380,500	919,237,176
Sewers	813,014,730	-	813,014,730
Urban Development	704,612,766	-	704,612,766
Pension	650,411,784	108,850,000	541,561,784

The total overall statutory debt limit for the Town is equal to 7 times annual receipts from taxation, or \$1,517,627,496

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Conduit debt

Conduit debt obligations are certain limited-obligation revenue bonds, certificates of participation, or similar debt instruments issued by a state or local governmental entity for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. Although conduit debt obligations bear the name of the governmental issuer, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

The Town has issued revenue bonds, the proceeds of which will be used for financing the design and construction of the Whitney Center Project. The bonds are secured by the property financed and are payable from the Whitney Center operations. Accordingly, the bonds were not reported in the general-purpose financial statements.

Note 9 - Employee Retirement Systems

Town Retirement Plan

The Town of Hamden is the administrator of a single employer, contributory public employee retirement system (PERS) established and administered by a Board of Trustees to provide pension benefits for its employees. The Retirement Plan provides retirement, disability, and death benefits through a single employer, contributory defined benefit plan to plan members and beneficiaries. The Plan issues a separate, stand-alone audited financial report. The report can be obtained upon request.

The PERS is a contributory defined benefit plan. Substantially all full-time employees of the Town are eligible to participate. Participants in the State Teachers' Retirement System, part-time Town employees and officials elected by popular vote are excluded.

The Plan provides retirement benefits, disability retirement benefits and pre-retirement and post-retirement death benefits. The Plan includes specific benefit provisions, vesting rules and employee contribution rules for the following employee classifications: guardian employees and service employees. Guardian employees are defined as full-time employees who are members of the police or fire department. All other town employees are considered to be Service employees. The plan provides for an annual cost of living adjustment to pension benefit payments based on changes in the consumer pricing index.

Members begin to vest their retirement benefits after completion of at least 10 years of credited service, and full vesting is attained after completing 15 years of service.

Guardian employees (members of the police and fire departments) hired after July 1, 2006 participate in the Connecticut Municipal Employees' Retirement System (CMERS) and are not eligible to participate in the Plan. Similarly, Service employees hired after July 1, 2007 participate in CMERS and are not eligible for the pension plan.

Guardian employees receive normal pension benefits upon the earlier of age 60 or completion of 20 years of credited service, equal to 2.5% of average annual compensation per year of credit service for the first 20 years, plus 3% per year of credited service for the next 5 years, plus 2% per year in excess of 25 years, to a maximum of 35 years.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Disability benefits are provided as the greater of 30% of average annual compensation if hired on or after July 1, 1981, 25% if hired on or after July 1, 1987, or normal pension accrued. Guardian employees hired prior to July 1, 1981 have a minimum benefit of 50% of average annual compensation.

Service employees receive normal pension benefits, upon the earlier of age 65, the completion of 30 years of credited service, or age 55 and completion of 20 years of credited service, equal to 2.5% of average annual compensation per year of credited service for the first 20 years, plus 2% in excess of 20 years to a maximum of 35 years. No employee shall receive more than 85% except for employees with the required years of service, who were hired before July 1, 1978. As of June 30, 2008, such employee's benefits are frozen. Disability benefits are provided as the greater of 50% of average annual compensation or the employee's normal retirement pension.

Employees are 100% vested in their contributions to the Plan. If a member leaves employment prior to becoming eligible for benefits, all accumulated employee contributions will be paid to the member in the form of a lump sum payment with interest calculated at 5% per year.

The Plan may be discontinued or amended in any respect at any time by action of the Town's Legislative Council, subject to applicable general laws and special acts of the State of Connecticut provided that no such discontinuance or amendment shall adversely affect the right of members or their beneficiaries which had become fully vested at the date of discontinuance or amendment.

Membership in the plans consisted of the following at July 1, 2021, the date of the last actuarial valuation:

Retirees and beneficiaries currently receiving benefits	786
Terminated plan members entitled to, but not yet receiving benefits	22
Active plan members	263
Total	<u>1,071</u>

Summary of significant accounting policies

Basis of accounting

The Plan's financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned. Dividends are recorded on the ex-dividend date.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Method used to value investments

Investments are stated at current market values, based on quoted market prices, as represented by Wells Fargo Institutional Retirement and Trust (Wells Fargo Bank, N.A.), the investment custodian. Shares of mutual funds are valued at quoted market prices, which represent the net asset value of shares held by the Plan at year end. Sentinel Real Estate Fund and U.S. Real Estate Investment Fund, LLC engage independent appraisers to value 100% of the real estate owned for at least 12 months, at various times throughout the year. Securities traded on a national exchange are valued at the last reported sales price.

Administrative expenses

The Town, as Plan sponsor, pays additional significant costs of Plan administration and office expenses.

Funding policy

The Town of Hamden makes contributions to the Plan, at the discretion of the Town's Legislative Council. Contributions are made in accordance with Public Act 18-169. The 2018 update to Connecticut's Pension Statute allowed Hamden to contribute less than 100% of the actuarially recommended contribution through 2020. The Town is required to contribute 100% of the actuarially recommended contribution annually beginning with the fiscal year ending June 30, 2021.

Plan provisions include mandatory employee contributions by service employees and guardian employees. All employee contributions are made on a pre-tax basis. These contributions are negotiated as part of the collective bargaining agreements.

Service employees contribute 8.00% of their annual compensation increased to 8.50% effective July 1, 2018. Guardian employees contribute 8.50% of compensation. Board of Education employees contribute 8.00% of their annual compensation increased to 8.50% effective September 1, 2018. Covered salary includes regular payroll, vacation, holiday, personal, longevity and sick time payroll.

Investments

Investment policy

The pension plan's policy in regard to allocation of invested assets is established and may be amended by the PERS Board by a majority vote of its members. It is the policy of the PERS Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. These assets must be invested with the care, skill, and diligence that a prudent person acting in this capacity would exercise to comply with all objects outlined herein, the Investment Advisors Act of 1940 and all other governing statutes.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Based on the recommendations of the Plan's investment advisors, the Board has established reasonable guidelines for each asset class, specifying acceptable and/or prohibited investments, limits on asset and asset class exposures, risk constraints, and investment return objectives. The Board will from time-to-time elect to invest in commingled funds, recognizing the benefits of such funds as investment vehicles, the ability to diversify more extensively than in small, direct investment accounts and the lower costs that are generally associated with these funds.

Investment management of the assets of the Town shall be in accordance with the following asset allocation guidelines:

Asset Class	Target Allocation
Large cap equity	32.5 %
Mid cap equity	5.0
Small cap equity	5.0
International equity	10.0
Real estate	17.5
Fixed income	30.0
Cash and cash equivalents	-
	<hr/> 100.0 %

Credit Risk

Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations of U.S. government agencies explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

The Plan's fixed income portfolio is managed through its investments in PIMCO Total Return Fund Institutional Class and MetWest Total Return Bond Fund. As of September 30, 2022, the PIMCO Total Return Fund's and Midwest Total return Bond Fund's a weighted average maturity was 9.2 years and 7.71 years, respectively. The objective of PIMCO Total Return Fund Institutional Class and MetWest total return bond fund is to seek total return by investing in a diversified portfolio of bonds from multiple fixed income sectors. At June 30, 2022 investments in these funds totaled \$63,286,448. As of June 30, 2022, this accounted for 34.85% of the total investments.

Foreign currency risk

Exposure to foreign currency risk results from investments in foreign currency-denominated securities. The Plan has invested in two international equity funds. Under normal circumstances, the funds' policy is to invest at least 30% of the value of its net assets, plus borrowings for investment purposes, in equity securities issued by companies located in, or that derive the highest concentration of their earnings or revenues from, a number of countries other than the United States. At June 30, 2022, investments in these funds totaled \$17,873,443.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Rate of return

For the year ended June 30, 2022, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was -6.40%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Fair value measurement

As required by GASB, certain investments that are measured at net asset value "NAV" have not been classified in the fair value hierarchy. The fair value amount of \$33,005,887 presented in the investment table in Note 4 for the Pension Trust Fund, is measured at net asset value per share practical expedient, including related unfunded commitments and redemption restrictions. The portion of the Plan's investments measured at net asset value at June 30, 2022 is comprised of the following:

Investment	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Sentinel Estate Fund	\$ 17,743,144	n/a	quarterly	30 days
U.S. Real Estate Investment Fund, LLC	15,262,743	n/a	quarterly	30 days
Total investments measured at NAV	\$ <u>33,005,887</u>			

The Plan's other investments, as stated in Note 4, are measured at fair value using the last quoted sales price or current exchange rates (Level 1).

Net pension liability of the Town

The Town's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020.

The components of the net pension liability of the Town at June 30, 2022 were as follows:

Total pension liability	\$ 479,925,153
Plan fiduciary net position	<u>(185,333,823)</u>
Net pension liability	\$ <u>294,591,330</u>
Plan fiduciary net position as a percentage of the total pension liability	38.62%

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2021, using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.25%
Salary increase	2.50%
Investment rate of return	7.00%, net of plan investment expense, including inflation
Cost-of-living adjustments	3.00% for 2021-2022, dropping to 2.25% for years thereafter (previously 2.25% for all years)
	2.25% is the long-term inflation assumption for the plan; 1.75% assumption reflects a negotiated COLA cap

Healthy mortality rates were based on the sex-distinct RP-2000 Combined Healthy Mortality Table, projected 24 years with Scale BB. Disabled mortality rates were based on the sex-distinct RP-2000 Disabled Retiree Mortality Table, projected 24 years with Scale BB.

The actuarial assumptions used in the July 1, 2021 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor. A full experience study has not been completed.

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns 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, adding expected inflation, and subtracting expected investment expenses and a risk margin. The target asset allocation and projected arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	42.50%	6.40%
International equity	10.00%	6.80%
Fixed income	30.00%	0.40%
Real estate	17.50%	3.90%
	<u>100.00%</u>	

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Discount rate

The blended discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that plan member contributions will be made at the current contribution rate and that Town contributions are assumed to be \$23,731,512 for the fiscal year ending June 30, 2022, and 100% of the actuarially determined contribution thereafter. The actuarially determined contribution is equal to the total normal cost plus a 30-year closed amortization of the unfunded actuarial accrued liability, beginning July 1, 2021 (23 years remaining). Amortization payments are expected to grow by 2% annually. Based on these 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.

Changes in the net pension liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2021	\$ 474,264,812	203,607,931	270,656,881
Changes for the year:			
Service cost	3,778,756		3,778,756
Interest on total pension liability	32,400,703		32,400,703
Employer contributions		23,731,512	(23,731,512)
Employee contributions		1,304,947	(1,304,947)
Difference between expected and actual experience	(6,366,006)		(6,366,006)
Changes in assumptions	6,199,656		6,199,656
Net investment income		(12,499,125)	12,499,125
Benefit payments, including refund of employee contributions	(30,352,768)	(30,352,768)	-
Administrative expenses		(552,434)	555,434
Net changes	\$ 5,660,341	(18,367,868)	24,028,209
Balances as of June 30, 2022	\$ 479,925,153	185,240,063	294,685,090

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	\$ 348,175,685	294,591,330	249,461,016

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2022 the Town recognized pension expense of \$23,041,605.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 6,554,951	
Changes in assumptions	3,099,828	
Differences between expected and actual experience		(3,183,003)
Total	\$ 9,654,779	(3,183,003)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as an increase/decrease in pension expense/liability as follows:

Year ended June 30,	
2023	\$ 406,916
2024	620,543
2025	58,284
2026	5,386,033
2027	-
Thereafter	-
Total	\$ 6,471,776

Connecticut Municipal Employees' Retirement System – Defined Benefit Plan

Plan description

The Town's full-time employees participate in Connecticut's Municipal Employees' Retirement System (CMERS), a cost-sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement, disability, and death benefits to the employees and beneficiaries of participating municipalities. Title 7, Chapter 113 of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates and other plan provisions.

CMERS is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Summary of significant accounting policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and expense information about CMERS net position and additions to/deductions from CMERS net position have been determined on the same basis they are reported by CMERS. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefit provisions

General Employees: Employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service. Employees under the age of 55 are eligible to retire with 25 years of service.

Police Officers and Firefighters: Compulsory retirement age for police and fire members is age 65.

Normal Retirement: Members not covered by social security receive a benefit of 2% of average final compensation times years of service. Members covered by social security receive a benefit of 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

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

Early Retirement: Employees are eligible after 5 years of active continuous service or 15 years of active aggregate service. The benefit is calculated based on average final compensation and service to date of termination. Deferred to normal retirement age or an actuarially reduced allowance may begin at the time of separation.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of police officers and firefighters, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated based on compensation and service to the date of the disability with a minimum benefit of 50% of compensation at the time of disability. Nonservice related disability benefits are provided to employees with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Contribution requirements

Employer

The Town, as a participating municipality, makes annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of CMERS not met by member contributions. There is also an annual administrative fee per active and retired members.

The current rate is 15.07% and 22.67% of annual covered payroll for service employees, and police, respectively. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to CMERS for the years ended June 30, 2022, 2021 and 2020 were \$4,962,361, \$3,922,136, and \$3,068,152 respectively, equal to the required contributions for each year.

Employee

Plan members not covered by social security are required to contribute 5% of compensation. Employees covered by social security are required to contribute 2.25% of compensation up to the Social Security taxable wage base plus 5% of compensation, if any, in excess of such base.

Pension liabilities (assets), pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2022, the Town reported a liability for its proportionate share of the net pension liability in the government-wide statement of net position. The amount recognized by the Town for its proportionate share of the net pension liability was \$28,597,976 based on the Town's proportionate share of 6.62810% for service employees and 5.480570% for police.

The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The changes in assumptions that affected the measurement of the total pension liability since the prior measurement date, were updating rates of inflation, real investment return mortality, withdrawal, disability, retirement, and salary increase to more closely reflect actual and anticipated experience.

The Town recognized its proportionate share of the collective pension expense in the government-wide statement of activities in the amount of \$7,964,824 for the year ended June 30, 2022.

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to CMERS pension benefits as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$	11,426,690
Changes of assumptions	3,385,150	
Change in proportional share	4,000,317	418,911
Net difference between employers expected and actual experience	2,743,328	3,149,600
Total	\$ 10,891,239	14,995,201

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Net deferred outflows and inflows of resources for pensions is amortized and recognized as an increase/decrease to the net pension expense/liability each year as follows:

Year Ended June 30,	
2023	\$ 2,936,926
2024	(1,890,565)
2025	(2,016,750)
2026	(3,131,571)
Thereafter	-
	\$ <u>(4,101,960)</u>

Actuarial assumptions

The total pension liability is based upon the June 30, 2021 actuarial valuation. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017. The key actuarial assumptions used in the valuation were as follows:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Long-term investment rate of Return	7.00%, net of pension plan investment expense, including inflation

For the period after retirement and for dependent beneficiaries, mortality rates were based on the RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. The static projection produces sufficient margin in the mortality rates to reflect future improvement in our judgment.

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

Long-term rate of return

The long-term expected rate of return on pension plan investments was determined using statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bonds	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarial determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 26,182,558	15,687,187	6,650,405

Teachers' retirement

All Town of Hamden Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

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.

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

In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable.

Early Retirement: Employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefits are reduced for those retiring before normal retirement age.

Minimum Benefit: Effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement.

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% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary.

A Plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement deductions are based on the number of years of service the member would have had if they had continued work until age 60.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Pre-Retirement Death Benefit: The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Contributions

State of Connecticut

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

Employer (school districts)

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

Employees

Effective July 1, 1992, participants are required to contribute 6.00% of their pensionable salary to the pension System as required by CGS Section 10-183b (7). Effective January 1, 2018, the required contribution increased to 7.00% of pensionable salary. For the year ended June 30, 2021, \$3,247,388 mandatory contributions were deducted from the salaries of teachers who were participants in the System. The estimated covered payroll for the Town was \$46,456,198.

Administrative expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

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

The State has a statutory requirement to pay 100% of the required Plan contribution, therefore as of June 30, 2021; the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows. 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 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		163,229,731
Total net pension liability	\$	<u>163,229,731</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017.

For the year ended June 30, 2022 the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures in the amount of \$23,993,532 as payments made by the State of Connecticut on behalf of the Town.

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

Future Cost-of-Living increases for teachers who retired prior to September 1, 1992, 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%. 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	20.0%	8.1%
Developed non-U.S. equities	11.0%	8.5%
Emerging markets - non-U.S.	9.0%	10.4%
Core fixed income	16.0%	4.6%
Inflation linked bonds	5.0%	3.6%
Emerging market bond	5.0%	5.2%
High yield bonds	6.0%	6.0%
Real estate	10.0%	7.0%
Private equity	10.0%	9.8%
Alternative investment - R.E.	4.0%	8.2%
Alternative investment - Hedge	3.0%	5.4%
Cash	1.0%	2.9%
Total	100.0%	

Discount rate

The discount rate used to measure the total pension liability was 6.9%. 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 rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The Town's proportionate share of the net pension liability is \$0. Any change in the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 10 - Other Post-Employment Benefits Plan

Plan description

The Town provides post-employment benefits for certain employees for current and future health and life insurance benefit expenses through a single employer defined benefit post retirement healthcare plan. The Plan is administered and managed by the Town. An annual actuarial valuation is made to determine whether the Plan assets and contributions are sufficient to meet the Plan liabilities. The latest actuarial valuation was made July 1, 2021. The post-employment plan does not issue stand-alone financial reports.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 75 as of July 1, 2017 the Town is required to report a liability on the face of the financial statements for the OPEB it provides.

Membership in the Plan consisted of the following at July 1, 2021, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,570
Active plan members	<u>970</u>
Total	<u><u>2,540</u></u>

Funding policy

The contribution requirements of Plan members and the Town are established and may be amended by the Town. For fiscal year 2022, the Town contributions to the Plan were \$16,550,000 and total benefits provided on a pay-as-you go basis were \$17,660,917.

Benefits

The Plan provides certain Town and Board of Education retirees with medical, prescription drug, and life insurance benefits, in accordance with policies for non-bargaining employees and various bargaining employees' union contracts. Provisions of the benefits are as follows:

Employee Type	Eligibility		(1) Retiree Contribution	Retiree Benefits		
	Age	(1) Years of Service		Spouse Coverage	Survivor Coverage	Life Insurance
Service employee bargaining	55	10-20	(4) 0%-10.0%	(5) Yes	(5) Yes	(1) \$0-\$5,000
Service employee non-bargaining	55	(2) 10-15	(2) 0%-14%	Yes	Yes	BOE – (6)
Police & Fire bargaining	48	15	(4) 0%-17%	Yes	Yes	\$5,000

(1) – varies depending on applicable union contract

(2) – varies by employee of Town or Board of Education and hire date

(3) – varies by hire and retire date

(4) – varies by plan selected and retire date

(5) – with the exception of one bargaining unit

(6) – available for grandfathered retirees

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Investments

Investment policy

The Plan does not have a formal investment policy. Plan assets are in cash and cash equivalents as of June 30, 2021.

Rate of return

For the year ended June 30, 2022, the annual money-weighted rate of return on the plan investments, net of plan investment expense, was 0.618%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB liability

The Town has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position.

The components of the net OPEB liability of the Town at June 30, 2022 were as follows:

Total OPEB liability	\$ 576,113,481
Plan fiduciary net position	<u>(133,115)</u>
Net OPEB liability	<u>\$ 576,246,596</u>
Plan fiduciary net position as a percentage of the total OPEB liability	(0.02%)

The Town's net OPEB liability is required to be recorded in the government-wide financial statement of net position as of June 30, 2022.

Actuarial assumptions

The total OPEB liability was measured by an actuarial valuation as of July 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Payroll growth rate	3.50%
Discount rate	3.54% as of June 30, 2022; 2.16% as of June 30, 2021
Investment rate of return	2.50%
Healthcare cost trend rates:	
Medical (non-Medicare)	6.5%, reduced by 0.25% per year, 4.50% ultimate rate
Medical (Medicare)	5.0%, reduced by 0.25% per year, 4.50% ultimate rate
Prescription drug	8.0%, reduced by 0.25% per year, 4.50% ultimate rate
Dental	3.5%
Administrative expenses	3.0%
ACA excise tax threshold	2.0%

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Teachers and administrators

Healthy mortality rates were based on RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80 projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80.

Disabled mortality rates were based on RPH-2014 Disabled Morality Table projected to 2017 with Scale BB.

The rates for Teachers and Administrators were developed by the Connecticut State Teachers' Retirement System Experience Study for the five-year period ending June 20, 2015 dated October 29, 2015.

All other employees

Healthy mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected 24 years with Scale BB.

Disabled mortality rates were based on the RP-2000 Disabled Retiree Table projected 24 years with Scale BB.

The actuarial assumptions used in the July 1, 2018 valuation were based on detailed census data provided by the employer, premium data and/or claim experience, and summary plan descriptions for OPEB were provided by the employer and by Anthem. A full experience study has not been completed.

Long-term rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns 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 and subtracting expected investment expenses and a risk margin. The target asset allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2022 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Short term/cash	100.00%	(.10%)

*Net of inflation of 2.30%.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Discount rate

The discount rate used to measure the total OPEB liability was a blend of the long-term expected rate of return on OPEB trust assets and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher (3.54% as of June 30, 2022). The blending is based on the sufficiency of projected assets to make projected benefit payments. Since assets do not cover even one year of benefit payments, the discount rate is the bond rate.

Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of June 30, 2021	\$ 631,811,941	(1,645,651)	633,457,592
Changes for the year:			
Service cost	\$ 12,479,363		12,479,363
Interest	13,726,973		13,726,973
Change of benefit terms			
Difference between expected and actual experience	15,071,319		15,071,319
Changes in assumptions	(79,315,198)		(79,315,198)
Employer contributions		17,651,473	(17,651,473)
Employee contributions		1,520,911	(1,520,911)
Other			
Net investment income		1,069	(1,069)
Benefit payments, including refund of employee contributions	(17,660,917)	(17,660,917)	
Net changes	\$ (55,698,460)	1,512,536	(57,210,996)
Balances as of June 30, 2022	\$ 576,113,481	(133,115)	576,246,596

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the Town, calculated using the discount rate of 3.54%, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percent point lower (2.54%) or 1 percent higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 669,832,100	576,246,596	501,983,614

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the Town, calculated using the healthcare trend rates per type as stated in the section of actuarial assumptions as well as what the Town's net OPEB liability would be if it were calculated using a healthcare trend rate that is 1 percent point lower or 1 percent higher than the current healthcare trend rates:

		Current Healthcare Trend Rate	
	1% Decrease		1% Increase
Net OPEB liability	\$ 492,788,095	576,246,596	682,763,814

The following schedule presents the net position held in trust for OPEB benefits at June 30, 2022 and the changes in net position for the year ended June 30, 2022:

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the year ended June 30, 2022, the Town recognized OPEB expense of \$9,096,566. As of June 30, 2022, deferred outflows and inflows of resources related to OPEB are reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,508,771	4,636,749
Changes in assumptions	45,669,520	72,567,639
Net difference between projected and actual earnings on OPEB plan investments	63,329	
Total	\$ 69,241,620	77,204,388

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as an increase/decrease in OPEB expense/liability as follows:

Year Ended June 30,	
2022	\$ N/A
2023	3,579,062
2024	4,427,718
2025	(8,757,587)
2026	(7,211,961)
Thereafter	-
Total	\$ (7,962,767)

Teachers' Retirement OPEB Plan

All Town of Hamden Board of Education certified employees participate in the State of Connecticut Teachers' Retirement System ("TRS" or the "Plan") under Section 10.183 of the General Statutes of the State of Connecticut.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Plan description

Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut State Teachers' Retirement System – a cost sharing, multiemployer, defined benefit pension plan administered by the Teachers' Retirement Board. Title 10, Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the State Teachers' Retirement Board ("TRB"). The State Treasurer is responsible for investing Teachers' Retirement System funds for the exclusive benefit of the TRS members.

The Teachers' Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106, by calling 860-702-3480, or by visiting the State's website www.ct.gov.

Benefit provisions

The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

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

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

The choices and calendar year premiums charged as of July 1, 2019 are as follows:

- | | | |
|--|----|-----|
| • Medicare Supplement with Prescriptions | \$ | 199 |
| • Medicare Supplement with Prescriptions and Dental | | 254 |
| • Medicare Supplement with Prescriptions, Dental, Vision & Hearing | | 259 |

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

Normal Retirement: Eligible after 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: Eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service.

Proratable Retirement: Eligible after age 60 with 10 years of credited service.

Disability Retirement: Eligible after 5 years of credited service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty

Termination of Employment: Eligible after 10 or more years of credited service.

Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut is amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State pays for one third of Plan costs through an annual appropriation in the General Fund.

Employer (school districts)

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

Employees

The cost of providing Plan benefits is financed on a pay-as-you-go basis as follows:

- Active teachers pay one third of the Plan costs through a contribution of 1.25% of pensionable salary
- Retired teachers pay one third of the Plan costs through monthly premiums

For the year ended June 30, 2021, \$404,160 mandatory contributions were deducted from the salaries of active teachers who were participants in the System. The estimated covered payroll for the Town was \$46,391,000.

Administrative expenses

Administrative expenses of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

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

The State has a statutory requirement to pay 100% of the required Plan contribution; therefore, as of June 30, 2021 the Town reports no amounts for its proportionate share of the net OPEB liability and related deferred outflows and inflows. 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 associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		30,739,217
Total net OPEB liability	\$	<u>30,739,217</u>

The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

For the year ended June 30, 2021, the Town has recognized, in the General Fund, intergovernmental revenue and education expenditures related to OPEB in the amount of \$2,229,506 as payments made by the State of Connecticut on behalf of the Town teachers' OPEB.

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%
Salary increase	3.00-6.50%, including inflation
Long-term investment rate of return	3.00%, net of pension plan investment expense, including inflation
Real wage growth	.50% (Previously 0.75%)
Wage inflation	3.00% (Previously 3.25%)
Municipal bond index rate	2.21%, (3.50% at prior measurement date)
Single equivalent interest rate	2.21%, net of OPEB plan investment expense, including inflation (3.50% at prior measurement date)
Healthcare cost trend rates	5.125% for 2020 decreasing to an ultimate rate of 4.50% by 2023
Administrative expenses	\$0 assumption as expenses are paid for by the State of CT General Assembly
Year fund net position will be depleted	2019

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality Table projected to 2020 using the BB improvement scale.

Long-term rate of return

The long-term expected rate of return on 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 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 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 target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Treasuries (cash equivalents)	100.0%	2.00%

Discount rate

The discount rate used to measure the total OPEB was 3.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to have been made. 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.

Sensitivity of the net OPEB liability to changes in the discount rate

The Town's proportionate share of the net OPEB liability is \$0. Any change in the health care cost trend rate or the discount rate would only have an effect on the amount recorded by the State of Connecticut.

Note 11 - Commitments and Contingencies

The Town received federal and state grants for specific purposes and is subject to review and audit by the grantor agency for compliance and disallowed expenses under the grant. Management believes that such disallowances, if any, will not be material to the financial position of the Town.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

The spread of the COVID-19 virus has caused business disruption throughout the United States and in the State of Connecticut specifically through the State of Connecticut Executive Orders. While disruption is expected to be temporary, there is a considerable uncertainty concerning the duration and financial impact of this disruption. Although the Town does not expect this matter to negatively impact its financial condition, results of operation, or cash flow, the extent of the financial impact and duration cannot be reasonably estimated.

Pension obligation bond

In accordance with the State of Connecticut pension statute, as revised in 2018, the Town was required to contribute 55% of the actuarial required contribution (ARC) for the fiscal year 2018, 70% for the fiscal 2019, 85% for 2020 and 100% for the 2021 fiscal year and moving forward.

Lawsuits

There were several personal injuries, negligence and personnel related lawsuits pending against the Town. The outcome and eventual liability of the Town, if any in these cases, is not known at this time. Other than that, below, based upon consultation with counsel, the Town's management 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.

Environmental contingency

Pursuant to a consent order issued on July 10, 2001, by the State of Connecticut Department of Energy and Environmental Protection, the Town and other respondents were responsible for the remediation of certain properties located in the Newhall section of the Town which contain waste materials and other pollutants. The Town's remediation work has been completed at the two park properties and they have been redeveloped. The Town currently has approximately \$37,762 in its capital plan to pay for the costs associated long term ground water monitoring.

Operating contracts

Municipal solid waste management services contract: The Town has entered into the municipal solid waste management services contract, as amended, (the Service Contract) with Covanta Projects L.P. of Wallingford pursuant to which it participates with four other Connecticut Municipalities. Under the contract, all curbside solid waste collected in Hamden is transported to Covanta's mass-burn solid waste resource recovery and electric generation facility in Wallingford (the "System"), the same location used under the twenty-year agreement with the Connecticut Resources Recovery Authority that expired on June 30, 2010. The Covanta contract offers two five-year options to extend for any or all of the participating municipalities.

Under the Service Contract, the Town is required to deliver, or cause to be delivered, to the System acceptable solid waste generated within its boundaries with a minimum commitment of 14,850 tons per year and to pay a uniform per ton disposal service payment (the Service Payment). The current fee is \$65 per ton. The aggregated minimum commitment of the five Contracting Municipalities is 66,285 tons per year. The Town's Service Payment commitment is a "put-or-pay" commitment in that if the aggregate minimum commitment of the Contracting Municipalities is not met by the total deliveries of all the Contracting Municipalities in any year, the Town must pay the Service Payment for its full portion of the aggregate minimum commitment even if it did not deliver that full portion.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Disposal fees are payable, provided the system is accepting solid waste delivered by or on behalf of the Town, regardless of whether such solid waste is processed at Covanta's facility in Wallingford. If the facility is not able to process this waste, it will be sent to other facilities owned by Covanta at no additional cost to the Town.

As amended, effective February 1, 2012, the service payment applicable in any contract year is calculated by increasing the fee for the immediately preceding contract year by an amount equal to one hundred percent of the percentage increase, if any, in the CPI during the twelve-month period ending on March 31st of the immediately preceding contract year. However, the annual increase in the fee shall not be less than 1.75%, or more than 3.5% for any contract year.

The amended contract also provides for a reserve account, to be held by Wallingford, for the benefit of the original contracted municipalities, and is to be funded initially with \$2,000,000 from funds paid to the original municipalities by the CRRA, and thereafter by reserve charges to be collected by Covanta from the original municipalities and their authorized haulers and remitted to Wallingford for deposit in the reserve account. There were no additional reserve fees added per ton for the year ended June 30, 2021.

The Town's obligation to pay disposal fees is absolute and unconditional as long as Covanta accepts the Town's solid waste. The Town has pledged its full faith and credit to the payment of disposal fees and has also agreed to enforce or levy and collect all taxes, cost sharing or other assessments or charges and take all such other action as may be necessary to pay the fees.

State of Connecticut Waive of Audit Deficiencies

On June 30, 2021, the State of Connecticut passed Public Act No. 21-111, which waives all audit deficiencies for the Town of Hamden related to costs associated with (1) the new construction project at Spring Glenn School, provided that costs do not exceed \$1,792,894, (2) the interdistrict magnet facility project at Wintergreen Interdistrict Magnet School, provided cost do not exceed \$1,250,012, and the new construction project at Hamden Middle School, provided that total costs do not exceed \$2,940,200. The revenue and related liabilities were not recognized in the financial statements.

Construction contracts

The Town has several construction contracts in progress at June 30, 2021.

Risk management and self-insurance

The Town and the Board of Education are self-insured for employee medical, worker's compensation and heart and hypertension benefits. The Town carries commercial insurance for its other insurable risks. Coverage has not been materially reduced, nor has settled claims exceeded commercial coverage in any of the past three years.

The Town was a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established for the purpose of administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of Connecticut General Statutes, for workers' compensation, general liability, auto and property insurance

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

As of July 1, 2009, the Town and Board of Education became self-insured for workers' compensation coverage. Since July 1, 2010, the reinsurance for workers' compensation self-insurance program is provided through Safety National. The Town retains the first \$500,000 of each loss. PMA of Connecticut serves as the Claims Administrator for the program.

The self-insurance programs for medical insurance are being administered by a third-party administrator, Anthem Blue Cross Blue Shield ("the administrator") and are reported as an internal service fund. Medical insurance premiums are based upon estimates by the number of employees and types of coverage (single or family), trends in insurance claims, and estimates for administration. The claims liability reported is based upon the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported, be recorded. The Town maintains stop loss coverage of \$250,000 for individual medical claims.

Payments related to heart and hypertension are administered by the Town and accounted for in the General Fund as liabilities are incurred. The Town records an estimate for claims incurred but not reported in the long-term liabilities.

Changes in the balance of claims liabilities for the workers' compensation, medical insurance and heart and hypertension were as follows:

Fiscal Year Ended June 30,	Claims Payable Beginning	Claims and Changes in Estimates	Claims Paid	Claims Payable Ending
Workers' compensation & medical insurance				
2021	\$ 8,167,332	26,808,618	26,148,387	8,827,563
2022	8,827,563	33,848,675	32,633,235	10,043,003
Heart and hypertension				
2021	\$ 2,923,094		1,982,215	940,879
2022	940,879		336,830	604,049
Total				
2021	\$ 9,108,211	26,808,618	26,219,441	9,768,442
2022	9,768,442	33,848,675	32,970,065	10,647,052

Note 12 - Fund Deficits Committed Fund Balances

Fund deficits

The Town has the following fund deficits at June 30, 2022, and expects to eliminate the deficits in the future as follows:

Fund	Deficit	Plan For Elimination
Human services	\$ 45,585	Future charges for services
Public works	282,641	Future receipt of grant
Community development	216,773	Future receipt of grants
Ice rink	900,922	Future charges for services
Other capital projects	331,965	Future bonding and receipt of grants
Public emergency account	1,474,213	Future receipt of grant and appropriations
Workers' compensation	(8,782,342)	Future charges for services
Medical insurance	(3,281,165)	Future charges for services
Other post employment benefits	(133,115)	Future charges for services

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2022

Committed and restricted fund balances

The general funds restricted fund balance totaled \$1,008,463, which is required to be expended on preserving the Town's clerk historic documents in accordance with the State Statutes.

Legislative Council committed the funds received through the sale, less related expenses, of the Wintergreen Magnet School to be used for future capital projects. This is presented in the general fund committed fund balance and totaled \$14,870,442 at June 30, 2022

The capital projects funds committed fund balance totaled \$12,495,835, which is required to be expended in accordance the related bond ordinances.

The nonmajor government fund balance includes \$2,247,787 of restricted funds received through government grants or private donors and is restricted to use to the grantor's or donor's intentions. In addition, the legislative council committed \$773,069, which is recognized in the nonmajor programs and is restricted the programs identified by the Legislative Council.

Note 13 – Subsequent Events

On August 12, 2022, the Town issued \$19,320,000 of general obligation bonds and \$9,145,000 general obligation refunding bonds. The Town received \$4,043,059 in premium payments as part of the sale. The bond will refinance \$13,280,000 of existing debt and provide \$6,040,000 to the Town's capital project fund. Payments will be over 15 years with annual interest rate of 3%-5%.

Management has evaluated events subsequent to the date of the financial statements through December 19, 2022, the date the financial statements were available to be issued. No other events have occurred subsequent to the Statement of Net Position date through December 19, 2022, that would require readjustment to the financial statements.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLAN
Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability:								
Service cost	\$ 3,778,756	3,899,162	4,222,203	4,507,760	5,112,673	5,224,667	5,888,328	6,209,591
Interest	32,400,703	31,967,621	31,822,851	31,405,166	30,704,226	30,036,397	30,955,497	30,823,699
Changes in benefit terms			(10,229,563)		(2,873,098)			
Differences between expected and actual experience	(6,366,006)		4,890,298	(2,048,726)	(747,936)	(201,960)	1,347,205	(10,769,246)
Changes of assumptions	6,199,656		78,428				(26,672,204)	
Benefit payments, including refund of member contributions	(30,352,768)	(28,766,211)	(28,019,858)	(27,203,572)	(26,176,831)	(24,860,542)	(24,437,110)	(24,325,333)
Net change in total pension liability	\$ 5,660,341	7,100,572	2,764,359	6,660,628	6,019,034	10,198,562	(12,918,284)	1,938,711
Total pension liability - beginning	474,264,812	467,164,240	464,399,881	457,739,253	451,720,219	441,521,657	454,439,941	452,501,230
Total pension liability - ended	\$ 479,925,153	474,264,812	467,164,240	464,399,881	457,739,253	451,720,219	441,521,657	454,439,941
Plan fiduciary net position:								
Contributions - employer	\$ 23,505,700	23,600,000	19,210,000	15,925,708	12,650,000	14,747,073	12,100,000	137,071,112
Contributions - employee	1,635,758	1,842,951	2,054,602	2,048,827	2,120,410	2,042,495	2,195,488	2,232,086
Net investment income	(12,866,862)	38,332,278	8,643,628	11,847,000	12,388,835	17,069,663	1,468,812	(1,355,734)
Benefit payments, including refunds of member contributions	(30,352,768)	(28,766,211)	(28,019,858)	(27,203,572)	(26,176,831)	(24,860,542)	(24,437,110)	(24,325,333)
Administrative expenses	(195,936)	(226,390)	(164,840)	(111,182)	(117,526)	(102,711)	(118,719)	(109,273)
Net change in plan fiduciary net position	\$ (18,274,108)	34,782,628	1,723,532	2,506,781	864,888	8,895,978	(8,791,529)	113,512,858
Plan fiduciary net position - beginning	203,607,931	168,825,303	167,101,771	164,594,990	163,730,102	154,834,124	163,625,653	50,112,795
Plan fiduciary net position - ending	\$ 185,333,823	203,607,931	168,825,303	167,101,771	164,594,990	163,730,102	154,834,124	163,625,653
Net pension liability - ended	\$ 294,591,330	270,656,881	298,338,937	297,298,110	293,144,263	287,990,117	286,687,533	290,814,288
Plan fiduciary net position as a percentage of total pension liability	38.62%	42.93%	36.14%	35.98%	35.96%	36.25%	35.07%	36.01%
Covered payroll	\$ 22,140,394	23,606,564	23,030,794	24,957,309	26,088,216	26,805,022	28,397,008	28,992,189
Net pension liability as a percentage of its covered payroll	1330.56%	1146.53%	1295.39%	1191.23%	1123.67%	1074.39%	1009.57%	1003.08%

Notes To Schedule

Changes in benefit terms Effective July 1, 2018 for active Town employees and September 1, 2018 for Active Board of Education employees, the inflationary cost-of-living adjustments on benefits after retirement is limited to 1.75% per year. The contribution rate for Town employees increased from 8.00% of annual compensation to 8.50% effective July 1, 2018, and to 9.00% effective July 1, 2019. The contribution rate for Board of Education employees increased from 8.00% of annual compensation to 8.50% effective September 1, 2018, and to 9.00% effective July 1, 2019.

Changes in assumptions None in last two years

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age
Amortization method Level percent with 2% annual increases, closed period
Remaining amortization period 24 years remaining as of July 1, 2020
Asset valuation method Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.

Inflation 2.25%
Salary increase 2.50%
Investment rate of return 7.00%, net of pension plan investment expense, including inflation

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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	\$ 12,479,363	11,890,162	8,083,621	8,832,669	9,293,258
Interest	13,726,973	13,861,884	18,268,650	19,768,766	18,746,907
Change of benefit terms				(11,626,527)	
Differences between expected and actual experience	15,071,319	(3,566,445)	(4,949,136)	48,022,928	(2,365,223)
Changes of assumptions	(79,315,198)	4,365,670	98,974,673	(34,540,249)	(20,857,617)
Benefit payments	(17,660,917)	(20,057,828)	(17,721,843)	(19,566,412)	(17,183,899)
Net change in total OPEB liability	\$ (55,698,460)	6,493,443	102,655,965	10,891,175	(12,366,574)
Total OPEB liability - beginning	631,811,941	101,180,566	(1,475,399)	(12,366,574)	-
Total OPEB liability - ended	\$ 576,113,481	107,674,009	101,180,566	(1,475,399)	(12,366,574)
Plan fiduciary net position:					
Contributions - employer	\$ 17,651,473	18,291,485	16,496,644	17,230,000	16,050,000
Contributions - employee	1,520,911	1,654,849	1,523,448	1,588,437	1,453,221
Other			500,000	588,722	
Net investment income	1,069	(144)	8,545	12,263	5,705
Benefit payments, including refunds of member contributions	(17,660,917)	(20,057,828)	(17,721,843)	(19,566,412)	(17,183,899)
Administrative and other costs	-	-	(249)	(249)	(250)
Net change in plan fiduciary net position	\$ 1,512,536	(111,638)	806,545	(147,239)	324,777
Plan fiduciary net position - beginning	(1,645,651)	(1,534,013)	(2,340,558)	(2,193,319)	(2,518,096)
Plan fiduciary net position - ended	\$ (133,115)	(1,645,651)	(1,534,013)	(2,340,558)	(2,193,319)
Net OPEB liability - ended	\$ 576,246,596	109,319,660	102,714,579	865,159	(10,173,255)
Plan fiduciary net position as a percentage of total OPEB liability	0.02%	1.53%	1.52%	-158.64%	-17.74%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB liability as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Change in benefit terms Various retiree contribution premium % increases, various changes in eligibility based on hire and retire date

Changes in assumptions The discount rate was increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN
Last Ten Fiscal Years

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
2022	\$ 23,505,632	23,505,700	(68)	22,140,394	106.17%
2021	23,427,618	23,600,000	(172,382)	23,606,564	99.97%
2020	23,230,930	19,210,000	4,020,930	23,030,794	83.41%
2019	22,605,704	15,925,708	6,679,996	24,957,309	63.81%
2018	21,974,384	12,650,000	9,324,384	26,088,216	48.49%
2017	21,067,247	14,747,073	6,320,174	26,805,022	55.02%
2016	21,998,113	12,100,000	9,898,113	28,397,008	42.61%
2015	29,536,050	14,768,025	14,768,025	28,992,189	50.94%
2014	27,688,031	12,500,000	15,188,031	29,347,110	42.59%
2013	27,145,128	9,340,000	17,805,128	-	N/A

Notes to Schedule

Valuation date July 1, 2020
Measurement date June 30, 2021

Changes in benefit terms Unchanged from valuation date July 1, 2019, measurement date June 30, 2018 but with current year applicability: Effective July 1, 2018 for active Town employees and September 1, 2018 for Active Board of Education employees, the inflationary cost-of-living adjustments on benefits after retirement is limited to 1.75% per year. The contribution rate for Town employees increased from 8.00% of annual compensation to 8.50% effective July 1, 2018, and to 9.00% effective July 1, 2019. The contribution rate for Board of Education employees increased from 8.00% of annual compensation to 8.50% effective September 1, 2018, and to 9.00% effective July 1, 2019.

Changes in assumptions None

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percent with 2% annual increases, closed period
Remaining amortization period 24 years remaining as of July 1, 2020
Asset valuation method Market value of assets less unrecognized returns in each of the last five years. Unrecognized return is equal to the difference between the actual market return and the expected return on the actuarial value, and is recognized over a five-year period, further adjusted, if necessary, to be within 20% of the market value.
Inflation 2.25%
Salary increases 2.50%
Investment rate of return 7.00%, net of pension plan investment expense, including inflation
Cost-of-living adjustments 2.25% (1.75% for active Service Employees, Town retirees with dates of retirement on or after July 1, 2018, and Board of Education retirees with dates of retirement on or after September 1, 2018)

Actuarially determined contribution is calculated using a July valuation date as of the beginning of the fiscal year in which contributions are reported.

TOWN OF HAMDEN, CONNECTICUT
RSI-4

SCHEDULE OF TOWN CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,962,361	3,922,136	3,068,152	3,210,514	3,052,674	2,388,233	2,157,149
Contributions in relation to the contractually required contribution	4,962,361	3,922,136	3,068,152	3,210,514	3,052,674	2,388,233	2,157,149
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Town's covered payroll	\$ 27,908,333	24,061,009	22,708,495	24,107,491	22,407,613	18,861,408	17,007,020
Contributions as a percentage of covered payroll	17.78%	16.30%	13.51%	13.32%	13.62%	12.66%	12.68%

Notes to Schedule

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Reporting date	June 30, 2022

The actuarially determined contributions in the schedule of employer contributions are calculated as of June 30 each biennium for the fiscal years ending two and three years after the valuation date.

Changes in benefit terms None

Changes in assumptions In 2019, rates of inflation, investment return, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the five year period ended June 30, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.5%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of investment related expense

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Last Ten Fiscal Years

		Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered - Employee Payroll	Contribution as a Percentage of Covered - Employee Payroll
2022	\$	51,296,681	17,651,473	33,645,208	N/A	N/A
2021		45,055,272	18,291,485	26,763,787	N/A	N/A
2020		40,511,698	16,746,644	23,765,054	N/A	N/A
2019		38,269,611	17,818,722	20,450,889	N/A	N/A
2018		34,444,433	16,050,000	18,394,433	N/A	N/A
2017		32,492,119	14,650,000	17,842,119	N/A	N/A
2016		N/A	N/A	N/A	N/A	N/A
2015		N/A	N/A	N/A	N/A	N/A
2014		N/A	N/A	N/A	N/A	N/A
2013		N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date July 1, 2021
Measurement date June 30, 2022

Changes in benefits Various retiree contribution premium % increases, various changes in eligibility based on hire and retire date

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal, level percent of pay
Amortization method Payments increasing at 3.50%, closed, 30 years
Remaining amortization period 18 years as of July 1, 2020
Asset valuation method Market value
Inflation 2.30%
Investment rate of return 2.50%
Healthcare cost trends:
Non-Medicare 6.5%, reduced by 0.25% per year, 4.50% ultimate rate
Medicare medical 5.0%, reduced by 0.25% per year, 4.50% ultimate rate
Drug cost 8.0%, reduced by 0.25% per year, 4.50% ultimate rate
Dental 3.5%
Administrative expenses 3.0%
ACA excise tax threshold 3.0% in 2018; 2.0% thereafter
Healthy mortality rates Varies by group
Disabled mortality rates Varies by group

SCHEDULE OF INVESTMENT RETURNS - PENSION PLAN
 Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	<u>-6.40%</u>	<u>22.95%</u>	<u>5.28%</u>	<u>7.21%</u>	<u>7.73%</u>	<u>11.27%</u>	<u>0.94%</u>	<u>-1.76%</u>

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

SCHEDULE OF INVESTMENT RETURNS - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Last Eight Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	0.044%	-0.007%	0.722%	0.618%	0.551%	0.264%	N/A	N/A

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

TOWN OF HAMDEN, CONNECTICUT
RSI-8

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years

	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability - general employees	6.63%	6.01%	5.62%	5.37%	4.65%	4.65%	3.97%
Town's proportion of the net pension liability - police	5.48%	5.10%	4.84%	15.86%	13.44%	13.44%	9.91%
Town's proportionate share of the net pension liability (asset)	\$ 28,597,976	40,921,009	36,502,937	31,324,752	13,060,976	15,411,097	7,642,956
Town's covered payroll	\$ 27,908,333	24,061,009	22,708,495	24,107,491	17,294,489	17,294,489	11,446,209
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	102.47%	170.07%	160.75%	129.94%	75.52%	89.11%	66.77%
Plan fiduciary net position as a percentage of total pension liability	82.59%	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%

Notes to Schedule

Changes in benefit terms

None

Changes in assumptions

In 2019, rates of inflation, investment return, withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the five year period ended June 30, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Single equivalent amortization period	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of investment related expense

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

TOWN OF HAMDEN, CONNECTICUT

RSI-9

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
TEACHERS' RETIREMENT PLAN
Last Seven Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016
Town's proportionate 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	163,229,731	206,095,940	195,359,950	150,633,871	151,886,550	160,241,474	122,756,960
Total	\$ 163,229,731	206,095,940	195,359,950	150,633,871	151,886,550	160,241,474	122,756,960
Town's covered payroll	\$ 47,524,690	46,456,198	46,652,789	46,391,257	46,685,753	46,106,650	45,629,422
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 total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%

Notes to Schedule

Changes in benefit terms In 2019, beginning July 1, 2019 HB 7424 set the annual interest rate on mandatory contributions at 4.0%. Also, for members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of the benefit commencement, the difference is paid to the Member's beneficiary.

Changes in assumptions In 2020, the Board adopted new assumptions as a result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions include a decrease in the annual rate of real wage increase from 0.75% to 0.50%, a decrease in payroll growth from 3.25% to 3.00%, and rates of withdraw, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of salary closed, grading to a level dollar amortization method for June 30, 2024 valuation
Single equivalent 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, including inflation

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

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
TEACHERS' RETIREMENT PLAN
Last Four Fiscal Years

	2022	2021	2020	2019
Town's proportionate of the net OPEB liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
State's proportionate share of the net OPEB liability associated with the Town	\$ <u>17,783,580</u>	<u>30,739,217</u>	<u>30,467,485</u>	<u>30,112,677</u>
Total	\$ <u>17,783,580</u>	<u>30,739,217</u>	<u>30,467,485</u>	<u>30,112,677</u>
Town's covered payroll	\$ <u>47,524,690</u>	<u>46,456,198</u>	<u>46,652,789</u>	<u>46,391,257</u>
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 total OPEB liability	6.11%	2.50%	2.08%	1.49%

Notes to Schedule

Changes in benefit terms	None
Changes in assumptions	<ul style="list-style-type: none"> - The single equivalent interest rate was updated to 2.17% as of June 30, 2021 - The expected annual per capita claims cost were updated to reflect anticipated medical and prescription drug claim experience based on scheduled premium increases through calendar year 2024.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

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

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE 1

Page 1 of 2

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current taxes	\$ 198,983,237	198,983,237	196,492,230	(2,491,007)
Delinquent taxes	2,050,000	2,050,000	2,316,979	266,979
Supplemental taxes	2,000,000	2,000,000	2,425,474	425,474
Property tax interest	1,100,000	1,100,000	1,465,723	365,723
Property tax liens	8,900	8,900	10,812	1,912
Suspense collections	25,000	25,000	73,025	48,025
Motor vehicle tax	13,000,000	13,000,000	13,631,661	631,661
Total property taxes	\$ 217,167,137	217,167,137	216,415,904	(751,233)
Intergovernmental:				
PILOT - State owned property	\$ 1,562,757	1,562,757	1,578,385	15,628
Disability exemption	10,247	10,247	10,155	(92)
PILOT - colleges and hospitals	4,359,751	4,359,751	4,441,601	81,850
Telecommunication access	96,808	96,808	88,318	(8,490)
PILOT - veterans exemption	120,983	120,983	116,327	(4,656)
Town road aid	671,515	672,515	669,372	(3,143)
Municipal stabilization	1,646,236	1,646,236	1,646,236	-
Mashantucket Pequot fund	725,946	725,946	725,946	-
Adult education	314,721	314,721	312,687	(2,034)
Magnet schools	15,600	15,600	22,100	6,500
Nonpublic School health	116,616	116,616	132,467	15,851
Education cost sharing grant	22,937,247	22,937,247	23,090,794	153,547
PILOT - Greater New Haven WPCA	73,300	73,300	73,300	-
PILOT - Water Authority	1,291,158	1,291,158	1,297,507	6,349
MRSA municipal projects	286,689	286,689	286,689	-
Municipal transition grant MV	945,574	945,574	945,574	-
Total intergovernmental	\$ 35,175,148	35,176,148	35,437,458	261,310
Charges for services:				
Other rents	\$ 7,000	7,000	5,700	(1,300)
Police extra duty	2,400,000	3,750,000	2,390,155	(1,359,845)
Assessor fees	500	500	222	(278)
Elderly services charges	500	500	728	228
Paramedic assistance	185,000	185,000	161,520	(23,480)
Code enforcement	18,000	18,000	18,408	408
QU EMT	39,000	39,000	-	(39,000)
Public works charges	40,000	40,000	59,496	19,496
Library charges	8,000	8,000	7,630	(370)
Arts and recreation	124,167	124,167	53,197	(70,970)
Parks and recreation	45,000	45,000	122,397	77,397
Planning and zoning	173,090	173,090	43,782	(129,308)
Total charges for services	\$ 3,040,257	4,390,257	2,863,235	(1,527,022)

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE 1

Page 2 of 2

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Investment earnings	\$ 250,000	250,000	39,311	(210,689)
Licenses, permits and fees:				
Town Clerk	\$ 2,396,000	2,724,767	3,387,335	662,568
Police department	175,375	175,375	217,745	42,370
Public works department	160,000	160,000	46,980	(113,020)
Fire department	75,000	75,000	147,749	72,749
Building	1,154,500	1,154,500	1,510,945	356,445
Engineering	51,038	51,038	41,139	(9,899)
Personnel	1,500	1,500	9,650	8,150
Total licenses, permits and fees	\$ 4,013,413	4,342,180	5,361,543	1,019,363
Miscellaneous revenues:				
BOE medical	\$ 300,000	300,000	336,274	36,274
Term life revenue	25,000	25,000	23,810	(1,190)
Miscellaneous - BOE reimbursement	1,750,000	1,750,000	696	(1,749,304)
School bus enforcement	7,000	7,000	1,997	(5,003)
Quinnipiac University	350,000	350,000	104,040	(245,960)
Yale University	10,000	10,000	-	(10,000)
Sale of vehicles	20,000	20,000	-	(20,000)
Relocation reimbursement	15,000	15,000	11,534	(3,466)
Animal control	1,000	1,000	1,920	920
Miscellaneous - finance office	295,000	763,422	558,721	(204,701)
Total miscellaneous revenues	\$ 2,773,000	3,241,422	1,038,992	(2,202,430)
Total revenues and other financing sources	\$ 262,418,955	264,567,144	261,156,443	(3,410,701)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE 2

Page 1 of 2

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Legislative Council	\$ 2,418,669	2,305,544	2,026,116	279,428
Mayor	492,062	519,062	484,535	34,527
Elections and registrar	288,806	288,806	185,166	103,640
Finance	3,229,795	3,229,795	2,964,994	264,801
Tax Assessor	403,824	403,824	385,212	18,612
Review of assessments	3,600	3,600	3,600	-
Tax Collector	321,110	321,110	320,814	296
Town Attorney	724,505	724,505	661,594	62,911
Town Clerk	1,200,502	1,473,502	1,198,522	274,980
Planning and zoning	617,843	597,843	681,563	(83,720)
Personnel	403,654	482,654	451,395	31,259
Economic development	246,230	266,230	1,538	264,692
Purchasing	4,399,648	4,399,648	4,131,912	267,736
Probate Court	6,800	6,800	5,312	1,488
Board of Ethics	5,000	5,000	-	5,000
Information technology	258,662	258,662	196,448	62,214
Total general government	\$ 15,020,710	15,286,585	13,698,721	1,587,864
Public safety:				
Animal control	\$ 206,071	205,571	146,910	58,661
Police department	17,661,654	18,568,642	16,894,173	1,674,469
Fire department	14,481,237	14,825,880	14,781,259	44,621
Total public safety	\$ 32,348,962	33,600,093	31,822,342	1,777,751
Public works:				
Building administration	\$ 506,972	506,972	456,944	50,028
Public works department	12,281,553	12,889,053	12,596,677	292,376
Engineering	586,193	586,193	538,319	47,874
Traffic / transportation	284,215	284,215	277,138	7,077
Total public works	\$ 13,658,933	14,266,433	13,869,078	397,355
Health and welfare:				
Elderly services	\$ 548,176	548,176	387,819	160,357
Community and youth services	661,632	1,080,422	951,337	129,085
Youth services	354,362	418,874	353,765	65,109
Mental health	272,000	272,000	190,000	82,000
Quinnipiac Valley health	405,251	405,251	405,251	-
Total health and welfare	\$ 2,241,421	2,724,723	2,288,172	436,551
Board of Education	\$ 91,394,925	91,394,925	91,390,178	4,747

(Continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE 2

Page 2 of 2

GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Culture and recreation:				
Library	\$ 2,235,798	2,235,798	2,186,510	49,288
Arts programs	211,500	189,757	132,456	57,301
Recreation	811,878	811,878	801,365	10,513
Total culture and recreation	\$ 3,259,176	3,237,433	3,120,331	117,102
Employee benefits:				
Medical insurance	\$ 47,263,710	50,263,710	47,775,200	2,488,510
Pension	28,997,774	29,567,735	29,567,734	1
Fringes	4,324,500	5,074,500	4,911,361	163,139
Total employee benefits	\$ 80,585,984	84,905,945	82,254,295	2,651,650
Debt service:				
Principal	\$ 7,150,000	7,150,000	7,463,128	(313,128)
Interest	14,768,844	14,768,844	9,790,481	4,978,363
Restructure	1,990,000	1,990,000	-	1,990,000
Total debt service	\$ 23,908,844	23,908,844	17,253,609	6,655,235
Total expenditures and other financing uses	\$ 262,418,955	269,324,981	255,696,726	13,628,255

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue		
	Human Services	Culture and Recreation	Public Safety
Assets:			
Cash and cash equivalents	\$		24,878
Receivables, net			
Due from other funds	37,737	6,044	271,370
Inventory			
Total assets	\$ 37,737	6,044	296,248
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable and accrued liabilities	\$ 5,579		1,184
Payments in advance			
Due to other funds	77,743		20,363
BANs payable			
Total liabilities	\$ 83,322	-	21,547
Fund balances (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			274,701
Committed			
Assigned		6,044	
Unassigned	(45,585)		
Total fund balances (deficits)	\$ (45,585)	6,044	274,701
Total liabilities and fund balances (deficits)	\$ 37,737	6,044	296,248

Special Revenue

<u>Public Works</u>	<u>Community Development</u>	<u>Town Revitalization</u>	<u>Ice Rink</u>	<u>Board of Education</u>	<u>Total Special Revenue</u>
256,853	59,129	115,606		4,320,090	4,776,556
				2,868,858	2,868,858
175,697		8,792			499,640
				60,499	60,499
<u>432,550</u>	<u>59,129</u>	<u>124,398</u>	<u>-</u>	<u>7,249,447</u>	<u>8,205,553</u>
125,116	79,790			803,251	1,014,920
				3,920,907	3,920,907
590,075	196,112	4,859	900,922	313,000	2,103,074
					-
<u>715,191</u>	<u>275,902</u>	<u>4,859</u>	<u>900,922</u>	<u>5,037,158</u>	<u>7,038,901</u>
				60,499	60,499
				2,151,790	2,426,491
		119,539			-
<u>(282,641)</u>	<u>(216,773)</u>		<u>(900,922)</u>		<u>125,583</u>
					<u>(1,445,921)</u>
<u>(282,641)</u>	<u>(216,773)</u>	<u>119,539</u>	<u>(900,922)</u>	<u>2,212,289</u>	<u>1,166,652</u>
<u>432,550</u>	<u>59,129</u>	<u>124,398</u>	<u>-</u>	<u>7,249,447</u>	<u>8,205,553</u>

(Continued)

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
June 30, 2022

	Capital Projects			
	Brooksville Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School	Other Capital Projects	Total Capital Projects
Assets:				
Cash and cash equivalents	\$		791	791
Receivables, net				-
Due from other funds	63,888		283,738	347,626
Inventory				-
Total assets	<u>\$ 63,888</u>	<u>-</u>	<u>284,529</u>	<u>348,417</u>
Liabilities and Fund Balances (Deficits)				
Liabilities:				
Accounts payable and accrued liabilities	\$		103,064	103,064
Payments in advance				-
Due to other funds			513,430	513,430
BANs payable				-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>616,494</u>	<u>616,494</u>
Fund balances (deficits):				
Nonspendable	\$			-
Restricted for:				
Donor's intentions	63,888			63,888
Committed				-
Assigned				-
Unassigned			(331,965)	(331,965)
Total fund balances (deficits)	<u>\$ 63,888</u>	<u>-</u>	<u>(331,965)</u>	<u>(268,077)</u>
Total liabilities and fund balances (deficits)	<u>\$ 63,888</u>	<u>-</u>	<u>284,529</u>	<u>348,417</u>

Public Emergency Account	Library Gift	Hamden Arts Comm	Private Purpose Trust	Permanent Funds	Total Nonmajor Governmental Funds
78,155	314,554	147,997	16,936	11,339	5,346,328
5,099,657	4,012		325,469		2,868,858
					6,276,404
					60,499
<u>5,177,812</u>	<u>318,566</u>	<u>147,997</u>	<u>342,405</u>	<u>11,339</u>	<u>14,552,089</u>
9,239			60,206		1,187,429
6,189,022					10,109,929
				100	2,616,604
					-
<u>6,198,261</u>	<u>-</u>	<u>-</u>	<u>60,206</u>	<u>100</u>	<u>13,913,962</u>
					60,499
453,764	318,566	147,997	282,199	10,500	2,931,075
				739	773,069
(1,474,213)					125,583
					(3,252,099)
<u>(1,020,449)</u>	<u>318,566</u>	<u>147,997</u>	<u>282,199</u>	<u>11,239</u>	<u>638,127</u>
<u>5,177,812</u>	<u>318,566</u>	<u>147,997</u>	<u>342,405</u>	<u>11,339</u>	<u>14,552,089</u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	Special Revenue		
	Human Services	Culture and Recreation	Public Safety
Revenues:			
Intergovernmental	\$ 57,791		32,454
Charges for services			
Investment income			
Other			13,482
Total revenues	\$ 57,791	-	45,936
Expenditures:			
Public safety			167,588
Public works			
Health and human services	11,958		
Culture and recreation			
Education	45,990		
Other			
Total expenditures	\$ 57,948	-	167,588
Revenue over (under) expenditures	\$ (157)	-	(121,652)
Other financing sources:			
Sale of asset			
Transfer from other funds			
Transfer to other funds			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ (157)	-	(121,652)
Fund balances (deficits) - beginning	(45,428)	6,044	396,353
Fund balances (deficits) - ended	<u>(45,585)</u>	<u>6,044</u>	<u>274,701</u>

Special Revenue

<u>Public Works</u>	<u>Community Development</u>	<u>Town Revitalization</u>	<u>Ice Rink</u>	<u>Board of Education</u>	<u>Total Special Revenue</u>
371,625	297,678	3,150	232,583	22,006,787	22,766,335
		116		235,526	471,259
					116
					13,482
<u>371,625</u>	<u>297,678</u>	<u>3,266</u>	<u>232,583</u>	<u>22,242,313</u>	<u>23,251,192</u>
299,701					467,289
760					760
		1,475	61,615		11,958
				20,704,843	63,090
	461,221				20,750,833
					461,221
<u>300,461</u>	<u>461,221</u>	<u>1,475</u>	<u>61,615</u>	<u>20,704,843</u>	<u>21,755,151</u>
<u>71,164</u>	<u>(163,543)</u>	<u>1,791</u>	<u>170,968</u>	<u>1,537,470</u>	<u>1,496,041</u>
					-
					-
					-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
71,164	(163,543)	1,791	170,968	1,537,470	1,496,041
<u>(353,805)</u>	<u>(53,230)</u>	<u>117,748</u>	<u>(1,071,890)</u>	<u>674,819</u>	<u>(329,389)</u>
<u>(282,641)</u>	<u>(216,773)</u>	<u>119,539</u>	<u>(900,922)</u>	<u>2,212,289</u>	<u>1,166,652</u>

TOWN OF HAMDEN, CONNECTICUT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS) - NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
For the Year Ended June 30, 2022

	Capital Projects			
	Brooksville Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School	Other Capital Projects	Total Capital Projects
Revenues:				
Intergovernmental	\$			-
Charges for services				-
Investment income				-
Other			47,100	47,100
Total revenues	\$ -	-	47,100	47,100
Expenditures:				
Public safety	\$			-
Public works			318,704	318,704
Health and human services				-
Culture and recreation				-
Education				-
Other				-
Total expenditures	\$ -	-	318,704	318,704
Revenue over (under) expenditures	\$ -	-	(271,604)	(271,604)
Other financing sources:				
Sale of asset		1,129,558		1,129,558
Transfer from other funds	\$			-
Transfer to other funds		(11,984)		(11,984)
Total other financing sources	\$ -	1,117,574	-	1,117,574
Changes in fund balances (deficits)	\$ -	1,117,574	(271,604)	845,970
Fund balances (deficits) - beginning	63,888	(1,117,574)	(60,361)	(1,114,047)
Fund balances (deficits) - ended	\$ 63,888	-	(331,965)	(268,077)

Public Emergency Account	Library Gift	Hamden Arts Comm	Private Purpose Trust	Permanent Funds Account	Total Nonmajor Governmental Funds
279,144					23,045,479
					471,259
	1,334			2	1,452
204,431	188,592	18,320	311,092		783,017
483,575	189,926	18,320	311,092	2	24,301,207
					467,289
					319,464
	178,998	4,066	184,979		196,937
			70,760		246,154
					20,821,593
					461,221
-	178,998	4,066	255,739	-	22,512,658
483,575	10,928	14,254	55,353	2	1,788,549
					1,129,558
					-
					(11,984)
-	-	-	-	-	1,117,574
483,575	10,928	14,254	55,353	2	2,906,123
(1,504,024)	307,638	133,743	226,846	11,237	(2,267,996)
(1,020,449)	318,566	147,997	282,199	11,239	638,127

COMBINING STATEMENT OF NET FUND POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
June 30, 2022

	Workers' Compensation Fund	Medical Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,116	286,671	287,787
Total assets	<u>\$ 1,116</u>	<u>286,671</u>	<u>287,787</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 73,713		73,713
Due to other funds	1,255,742	978,836	2,234,578
Total current liabilities	<u>\$ 1,329,455</u>	<u>978,836</u>	<u>2,308,291</u>
Noncurrent liabilities:			
Claims incurred but not reported	\$ 7,454,003	2,589,000	10,043,003
Total liabilities	<u>\$ 8,783,458</u>	<u>3,567,836</u>	<u>12,351,294</u>
Net position:			
Unrestricted	\$ (8,782,342)	(3,281,165)	(12,063,507)
Total net position (deficit)	<u>\$ (8,782,342)</u>	<u>(3,281,165)</u>	<u>(12,063,507)</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
June 30, 2022

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 2,420,000	27,140,000	29,560,000
Employee contribution		3,908,192	3,908,192
Total operating revenues	\$ 2,420,000	31,048,192	33,468,192
Operating expenses:			
Salaries, benefits and claims	\$ 2,609,235	31,190,660	33,799,895
Total operating expenses	\$ 2,609,235	31,190,660	33,799,895
Changes in fund net position	\$ (189,235)	(142,468)	(331,703)
Fund net position (deficit), beginning	(8,593,107)	(3,138,697)	(11,731,804)
Fund net position (deficit), ending	\$ (8,782,342)	(3,281,165)	(12,063,507)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
June 30, 2022

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,420,000	31,048,192	33,468,192
Payments for benefits	(2,511,248)	(30,121,987)	(32,633,235)
Internal activity - payments from (to) other funds	17,931	(705,555)	(687,624)
Net cash (used in) provided by operating activities	<u>\$ (73,317)</u>	<u>220,650</u>	<u>147,333</u>
Net increase (decrease) in cash and cash equivalents	<u>\$ (73,317)</u>	<u>220,650</u>	<u>147,333</u>
Cash and cash equivalents, beginning	<u>74,433</u>	<u>66,021</u>	<u>140,454</u>
Cash and cash equivalents, ending	<u><u>\$ 1,116</u></u>	<u><u>286,671</u></u>	<u><u>287,787</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ (189,235)	(142,468)	(331,703)
Adjustment to reconcile operating income to net cash provided by (used in) operating activities:			
Change in assets and liabilities:			
Increase (decrease) in interfund receivables/payable	17,931	(705,555)	(687,624)
(Decrease) increase in accounts payable and accrued expenses	(48,779)		(48,779)
(Decrease) increase in claims payable	146,766	1,068,673	1,215,439
Net increase (decrease) in cash and cash equivalents	<u><u>\$ (73,317)</u></u>	<u><u>220,650</u></u>	<u><u>147,333</u></u>

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE 8

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2022

	School Activity Funds	Adult Activity Funds	Performance Bonds	Total
Assets:				
Cash and cash equivalents	\$ 252,535	10,148	597,735	860,418
External balances			77,450	77,450
Total assets	\$ 252,535	10,148	675,185	937,868
Net Position				
Held for deposits for students	\$ 252,535			252,535
Held for deposits for contractors			675,185	675,185
Held for deposits for others		10,148		10,148
Net position	\$ 252,535	10,148	675,185	937,868

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE 9

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

For the Year ended June 30, 2022

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
School Activity Fund:				
Assets:				
Cash and cash equivalents	\$ 601,944		349,409	252,535
Total assets	<u>601,944</u>	<u>-</u>	<u>349,409</u>	<u>252,535</u>
Net position				
Deposits held for others	<u>\$ 601,944</u>	<u>-</u>	<u>349,409</u>	<u>252,535</u>
Adult Activity Fund:				
Assets:				
Cash and cash equivalents	\$ 10,148		-	10,148
Net position				
Deposits held for others	<u>\$ 10,148</u>	<u>-</u>	<u>-</u>	<u>10,148</u>
Performance Bonds:				
Assets:				
Cash and cash equivalents	\$ 586,021	11,714		597,735
Accounts receivable	77,450			77,450
Total assets	<u>\$ 663,471</u>	<u>11,714</u>	<u>-</u>	<u>675,185</u>
Net position				
Deposits held for others	<u>\$ 663,471</u>	<u>11,714</u>	<u>-</u>	<u>675,185</u>
Total Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 1,198,113	11,714	349,409	860,418
Accounts receivable	77,450	-	-	77,450
Total assets	<u>\$ 1,275,563</u>	<u>11,714</u>	<u>349,409</u>	<u>937,868</u>
Net position				
Deposits held for others	<u>\$ 1,275,563</u>	<u>11,714</u>	<u>349,409</u>	<u>937,868</u>

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING

For the Year Ended June 30, 2022

Grand List Year	Uncollected Balance & New Levy July 1, 2020	Lawful Corrections		(Transfers To) Recoveries From Suspense	Balance to be Collected
		Increases	Decreases		
2005	58,301		(58,301)		
2006	71,846			1,871	73,717
2007	74,800			970	75,770
2008	88,762			1,306	90,068
2009	93,440			3,088	96,528
2010	136,973			4,271	141,244
2011	127,259			4,090	131,349
2012	143,458			9,140	152,598
2013	182,057			9,156	191,213
2014	217,289			12,075	229,364
2015	259,795		(1,608)	16,473	274,660
2016	776,964	2,305	(5,961)	(413,692)	359,616
2017	1,036,436	4,510	(22,808)		1,018,138
2018	1,599,842	5,883	(19,571)		1,586,154
2019	3,860,771	48,753	(163,265)		3,746,259
Total	\$ 8,727,993	61,451	(271,514)	(351,252)	8,166,678
2020	214,290,701	3,164,249	(1,592,545)	-	215,862,405
Total	\$ 223,018,694	3,225,700	(1,864,059)	(351,252)	224,029,083

SCHEDULE 10

Collections				Uncollected Balance June 30, 2022
Taxes	Interest	Lien Fees	Total	
1,871	4,477	1	6,349	71,846
970	2,667		3,637	74,800
1,306	2,922		4,228	88,762
3,088	6,301		9,389	93,440
4,271	7,882		12,153	136,973
4,090	8,018		12,108	127,259
9,140	12,955		22,095	143,458
12,440	16,673	24	29,137	178,773
21,059	22,444	24	43,527	208,305
38,450	29,301	144	67,895	236,210
112,136	91,566	312	204,014	247,480
257,852	128,193	816	386,861	760,286
665,316	231,417	2,176	898,909	920,838
2,183,773	428,721	7,015	2,619,509	1,562,486
3,315,762	993,537	10,512	4,319,811	4,850,916
211,933,562	547,727	2,828	212,484,117	3,928,843
215,249,324	1,541,264	13,340	216,803,928	8,779,759

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2022

	<u>General Purpose</u>	<u>Schools</u>
Debt limitation:		
2 1/4 times base	\$ 463,960,406	
4 1/2 times base		975,617,676
3 3/4 times base		
3 1/4 times base		
3 times base		
7 times base		
Total debt limitation	\$ 463,960,406	975,617,676
Indebtedness:		
Bonds payable	\$ 143,204,500	56,380,500
Bonds authorized and unissued	2,200,000	19,946,000
Total indebtedness	\$ 145,404,500	76,326,500
Less: School construction grants receivable	-	-
Total indebtedness of the Town	\$ 145,404,500	76,326,500
Debt limitation in excess of outstanding and authorized debt	\$ 318,555,906	899,291,176

Base	\$ 216,803,928
-------------	----------------

92

TOWN OF HAMDEN, CONNECTICUT

FEDERAL AND STATE
SINGLE AUDIT REPORTS

June 30, 2022

TOWN OF HAMDEN, CONNECTICUT

FEDERAL AND STATE SINGLE AUDIT REPORTS

TABLE OF CONTENTS

	<u>Page Number</u>
<u>Financial Statements</u>	
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 <i>Government Auditing Standards</i>	1-2
<u>Federal Single Audit</u>	
Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6-7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-11
Summary Schedule of Prior Years Audit Findings	12
<u>State of Connecticut Single Audit</u>	
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	13-15
Schedule of Expenditures of State Financial Assistance	16-17
Notes to the Schedule of Expenditures of State Financial Assistance	18
Schedule of Findings and Questioned Costs	19-20

CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
301 Highland Avenue
Waterbury CT 06708

Main: 203-758-6658
Fax: 203-758-6758

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 Legislative Council
Town of Hamden, Connecticut
Hamden, Connecticut 06518

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 Hamden, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hamden, Connecticut's basic financial statements, and have issued our report thereon dated December 19, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Hamden, 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 Hamden, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hamden, 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 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 may exist that have not been identified. 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 or significant deficiencies in internal control over financial reporting may exist that were not identified.

Report on Compliance and other Matters

As part of obtaining reasonable assurance about whether the Town of Hamden, 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CLERMONT & ASSOCIATES, LLC

Waterbury, Connecticut

A handwritten signature in black ink that reads "Clermont & Associates, LLC". The signature is written in a cursive, flowing style.

December 19, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Legislative Council
Town of Hamden, Connecticut
Hamden, Connecticut 06518

Report on Compliance for Each Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Hamden, Connecticut's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Hamden, Connecticut's major federal programs for the year ended June 30, 2022. The Town of Hamden, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Hamden, 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 federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Federal Program

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 Controller of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance sections of our report.

We are required to be independent of the Town of Hamden and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Hamden's compliance with the compliance requirements referred to above.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town of Hamden's federal programs.

Auditor's Responsibilities for the Audit for Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Hamden's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town of Hamden's compliance with the requirements of each federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we;

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding The Town of Hamden's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town of Hamden's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hamden's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 federal 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 federal 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 the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. We considered the deficiency described in the Schedule of Findings and Questioned Costs as Item 22-1 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hamden, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise of the Town of Hamden, Connecticut's basic financial statements. We issued our report thereon dated December 19, 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 Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CLERMONT & ASSOCIATES, LLC

Waterbury, Connecticut

A handwritten signature in black ink that reads "Clermont & Associates, LLC". The signature is written in a cursive, flowing style.

December 19, 2022

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through C.F.D.A. Federal Grantor/Program Title Number Expenditures	Pass-Through Number	C.F.D.A.	Expenditures	Passed Through
U.S. Department of Agriculture:				
<i>Passed Through the State of Connecticut</i>				
<i>Department of Education:</i>				
National School Breakfast Program	12060-SDE64370-20508	10.553	\$ 540,323	
National School Lunch Program	12060-SDE64370-20560	10.555	1,954,010	
Summer Food Service Program	12060-SDE64370-20540	10.559	811,918	
Summer Food Service Program	12060-SDE64370-20548	10.559	68,542	
Supply Chain Assistance Fund	12060-SDE64370-23126	10.5xx	95,936	
Emergency Operational Cost Reimbursement	12060-SDE64370-23085	10.5xx	89,810	
P-EBT Local Level Administrative Cost Grant	12060-SDE64370-29802	10.5xx	6,140	
Fresh Fruits and Vegetables Program	12060-SDE64370-22051	10.582	33,927	
Total U.S. Department of Agriculture			\$ 3,600,606	-
U.S. Department of Education:				
<i>Passed Through the State of Connecticut</i>				
<i>Department of Education:</i>				
IDEA-Part B, Section 611 Grants to State 2021	12060-SDE64370-20977	84.027	\$ 1,678,817	
IDEA-Part B, Section 611 Grants to State 2022	12060-SDE64370-20977	84.027	1,656,932	
IDEA-Part B, Section 619 Preschool Grants 2021	12060-SDE64370-20983	84.173	45,315	
IDEA-Part B, Section 619 Preschool Grants 2022	12060-SDE64370-20983	84.173	7,655	
Title I - Grants to Local Education Agencies 2020	12060-SDE64370-20679	84.010	1,191,232	
Title I - Grants to Local Education Agencies 2021	12060-SDE64370-20679	84.010	1,320,294	
Title I - Grants to Local Education Agencies 2022	12060-SDE64370-20679	84.010	1,336,699	
Title II Improvements to Teachers Quality 2021	12060-SDE64370-20858	84.367	184,691	
Title II Improvements to Teachers Quality 2021	12060-SDE64370-20858	84.367	188,828	
Title II Improvements to Teachers Quality 2022	12060-SDE64370-20858	84.367	150,599	
Adult Basic Education 2022	12060-SDE64370-20784	84.002	90,000	
Title III - Part A - English Language Acq. 2020	12060-SDE64370-20868	84.365	10,200	
Title III - Part A - English Language Acq. 2021	12060-SDE64370-20868	84.365	46,907	
Title III - Part A - English Language Acq. 2021	12060-SDE64370-20868	84.365	10,578	
Title III - Part A - English Language Acq. 2022	12060-SDE64370-20868	84.365	980	
Title III - Part A - English Language Acq. 2022	12060-SDE64370-20868	84.365	373	
Student Support and Enrichment 2020	12060-SDE64370-22854	84.424	76,803	
Student Support and Enrichment 2021	12060-SDE64370-22854	84.424	85,852	
Student Support and Enrichment 2022	12060-SDE64370-22854	84.424	41,626	
Elementary and Secondary School Emerge. Relief I 2020	12060-SDE64370-29571	84.425D	814,890	
Elementary and Secondary School Emerge. Relief II 2021	12060-SDE64370-29571	84.425D	2,669,824	
Elementary and Secondary School Emerge. Relief - ARP 2021	12060-SDE64370-29636	84.425U	2,874,316	
Career and Technical Education 2022	12060-SDE64370-20742	84.048	102,738	
Total U.S. Department of Education:			\$ 14,586,149	-
U.S. Department of the Treasury:				
<i>Passed Through the State of Connecticut Department of Education:</i>				
CARES Act Title 5 Funds	12060-SDE64370-29561	21.019	34,991	
Total U.S. Department of the Treasury			\$ 34,991	-
U.S. Department of Housing and Urban Development:				
<i>Direct Funding:</i>				
Community Development Block Grant/Entitlement Grants	-	14.218	\$ 349,210	
Community Development Block Grant/Entitlement Grants - CV	-	14.218	73,547	
Total U.S. Department of Housing and Urban Development:			\$ 422,757	-

See Notes to Schedule.

(continued)

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through C.F.D.A. Federal Grantor/Program Title Number Expenditures	Pass-Through Number	C.F.D.A.	Expenditures	Passed Through
U.S. Department of Health and Human Services				
<i>Passed Through the State of Connecticut</i>				
<i>Office of Early Childhood Development:</i>				
Childcare and Development Block Grant	12060-OEC64806-22975	93.575	5,500	
Childcare and Development Block Grant - CRRSA	12060-OEC64845-29628	93.575	22,953	
American Rescue Plan Act - Child Care Stabilization Funds	12060-OEC64806-29647	93.575	92,232	
American Rescue Plan Act - Child Care Discretionary Funds	12060-OEC64806-29647	93.575	21,170	
Total U.S. Department of Health and Human Services			\$ 141,855	-
U.S. Department of Transportation:				
<i>Passed Through the State of Connecticut</i>				
<i>Department of Transportation:</i>				
National Priority Safety Program	12062-DOT57191-22600	20.616	47,273	
Highway Planning and Construction	12062-DOT57161-22108	20.205	\$ 418,880	
<i>Passed Through the State of Connecticut</i>				
<i>Department of Public Safety:</i>				
Federal Highway Safety	12062-DOT57513-20559	20.600	15,772	
Total U.S. Department of Transportation			\$ 481,925	-
U.S. Department of Federal Emergency Management Agency:				
<i>Passed Through the State of Connecticut</i>				
<i>Department of Public Safety:</i>				
Public Assistance	12060-DPS32990-21891	97.036	\$ 279,144	
U.S. Department of Justice				
<i>Passed Through the State of Connecticut</i>				
<i>Office of Policy and Management:</i>				
Byrne Memorial Grant Program 2005	12060-OPM20350-21921	16.738	\$ 11,115	
U.S. Department of Homeland Security:				
<i>Passed Through the State of Connecticut</i>				
<i>Department of Public Safety:</i>				
Emergency Management Performance	12060-DPS32160-21881	97.042	\$ 30,501	
State Homeland Security	12060-DPS32160-27550	97.067	1,184	
Total U.S. Department of Homeland Security			\$ 31,685	
U.S. Endowment for the Arts:				
<i>Passed Through the Connecticut State Library</i>				
State Library Program	12060-CSL66051-21031	45310	5,000	
Library Service and Technology Act [ARPA]	12060-CSL66051-29642	45310	100,000	
Total U.S. U.S. Endowment for the Arts			\$ 105,000	
Total Federal Awards			\$ 19,695,227	-

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2022

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Town of Hamden under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Town of Hamden, Connecticut, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Town of Hamden, Connecticut.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Recovery

The Town of Hamden, Connecticut did not recover its indirect costs using the 10% de minimis direct cost rate provided under section 200.41, of the Uniform Guidance rules.

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal Control Over Financial Reporting:

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

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal Control Over Major Programs:

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

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule?

_____ yes x no

Identification of major programs:

<u>C.F.D.A. Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	National School Lunch
14.218	Community Development Block Grant/Entitlement
84.425D	Elementary and Secondary School Emerg. Relief

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022**

II. FINANCIAL STATEMENT FINDINGS

No findings required to be reported.

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended June 30, 2022

III. FEDERAL AWARDS FINDINGS

Finding - 22-01 Community Service Department – Administration & Procedures

Grantor – United States Department of Housing and Urban Development

Passthrough Entity – n/a

Program Name – Community Development Block Grant/Entitlement Grant

CFDA Number - 14.218

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria – The Town of Hamden is required to accurately administer and monitor community development grant programs, which includes having properly maintained files for every project with applications, invoices, grant-draws, supporting documentations, financial reports, and quarterly cash on hand submissions.

Condition – The operations of the Community Services Department with respect to the Community Development Block Grant do not follow the policies and procedures required for distribution of HUD funds. These procedures include organizing & maintaining program files and submitting drawdown requests and quarterly reports in a timely manner.

Cause – The Community Service Department has had a recent turnover in key personnel who have previously been administering the grant for years. The staff transition was abrupt, and the new staff were inexperienced with this grant and not fully familiar with the office's filing or internal control. Communication between the Community Service and Finance Departments was also seeming to be lacking.

Context – The Community Development Block grant is managed by the Community Service Department with expenditures for it processed and recorded through the Finance Department accounts payable. With the abrupt turnover of the former staff members, the new staff who were unfamiliar with the grant and the office have had to organize documents and catch up on significantly delayed requests, reports, and grant procedures.

Effect – The Town incurred the following:

- Policy & Procedures manual is currently out of date. Combined with an initial deficiency in experience with the new staff and disorganization of office files when they started, created significant delays in grant drawdowns and reports.
- Due to the staff overturn occurring at fiscal year-end. Many June 2022 expenditure drawdowns were significantly delayed and not received until months into the new fiscal year.
- Quarterly cash on hand reports continue to be delayed for the 3rd and 4th quarters of fiscal year 2022.
- Confusion within the department regarding procedures and reconciling the fund's general ledger due to lack of communication with the finance department.

Recommendation – The Town develop policies and procedures for the ongoing monitoring and administration of the Community Development Block Grant. This would include improvements in project file organization, better track of open projects, quarterly cash reports, and general monitoring.

TOWN OF HAMDEN, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEARS FINDINGS
June 30, 2022

II. FINANCIAL STATEMENTS FINDINGS

No findings required to be reported.

III. FEDERAL AWARDS FINDINGS

No findings required to be reported.

CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
301 Highland Avenue
Waterbury CT 06708

Main: 203-758-6658
Fax: 203-758-6758

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

Independent Auditor's Report

To The Legislative Council
Town of Hamden, Connecticut
Hamden, Connecticut 06518

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Hamden, 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 Hamden, Connecticut's major state programs for the year ended June 30, 2022. The Town of Hamden, Connecticut's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Hamden, 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, 2022.

Basis for Opinion on Each State Program

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance sections of our report.

We are required to be independent of Town of Hamden, Connecticut and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Town of Hamden, Connecticut's compliance with the compliance requirements referred to above.

Management's Responsibility

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Hamden, Connecticut's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Hamden, Connecticut's compliance based on our audit. 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 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) will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Town of Hamden, Connecticut's compliance with the requirements of each state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we;

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding Town of Hamden, Connecticut's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Hamden, Connecticut's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Town of Hamden, Connecticut's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Hamden, Connecticut as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hamden, Connecticut's basic financial statements. We have issued our report thereon dated December 19, 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 Town of Hamden, Connecticut's 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 taken as a whole.

CLERMONT & ASSOCIATES, LLC

Waterbury, Connecticut



December 19, 2022

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022**

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures	Passed Through
Department of Education:			
Child Nutrition State Match	11000-SDE64370-16211	\$ 28,790	
Adult Education	11000-SDE64370-17030	598,766	
Health Foods Initiative	11000-SDE64370-16212	47,305	
Family Resource Center	11000-SDE64370-16110	101,650	
State School Breakfast	11000-SDE64370-17046	26,489	
Non-Public Health Services	11000-SDE64370-17034	132,467	
Magnet School - Operating	11000-SDE64370-17057	10,400	
Low Performing School Improvement	12052-SDE64370-43728	199,988	
Early Childhood Bond Funds	12052-SDE64370-43540	7,909	
Talent Development	11000-SDE64370-12552	5,949	
Non Sheff Transportation	11000-SDE64370-12632	11,700	
Parent Trust Fund	11000-SDE64370-12506	14,881	
Commissioner's Network	11000-SDE64370-12547	50,000	
Education Cost Sharing - Alliance District	11000-SDE64000-17041-82164	8,143,948	
Bilingual Education	11000-SDE64370-17042	8,603	
Total Department of Education		\$ 9,388,845	-
Department of Family and Children Services:			
Youth Services Bureau - Enhancement	11000-SDE64370-16201	\$ 13,126	
Department of Transportation:			
Town Aid Road Grants - STO	13033-DOT57131-43459	\$ 334,686	
Town Aid Road Grants - Municipal	12052-DOT57131-43455	334,686	
Total Department of Transportation		\$ 669,372	-
Connecticut State Judicial Branch:			
Youth Service Prevention	11000-JUD96114-12559-087	\$ 32,474	
Office of Policy and Management:			
Municipal Special Purposes and Projects	12052-OPM20600-43587	\$ 286,689	
Property Tax Relief for Veterans	11000-OPM20600-17024	116,327	
Property Tax Relief - Disabled	11000-OPM20600-17011	10,155	
Payment in Lieu of Taxes - State Owned Property	11000-OPM20600-35691	1,578,385	
Payment in Lieu of Taxes - Private Colleges & Hospitals	11000-OPM20600-17111	4,441,601	
Total Office of Policy and Management		\$ 6,433,157	-
Office of Early Childhood:			
Early Childhood Program	11000-OEC64845-16274	\$ 843,318	843,318
Early Childhood Program - COLA	11000-OEC64841-16274	3,281	
School Readiness Quality Enhancement	11000-OEC64845-16158	3,881	
Total Office of Early Childhood		\$ 850,480	843,318
Department of Public Safety:			
State 911 Enhancement	12060-DPS32741-35190	\$ 211,641	
Total Department of Public Safety		\$ 211,641	-
Total State Financial Assistance Before Exempt Programs		\$ 17,599,095	843,318

See Notes to Schedule.

(continued)

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022**

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures	Passed Through
<u>Exempt Programs</u>			
Office of Policy and Management:			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	\$ 725,946	
Municipal Transit Grant	11000-OPM20600-17103	945,574	
Municipal Stabilization Grant	11000-OPM20600-17104	1,646,236	
Total Office of Policy and Management		\$ 3,317,756	-
Department of Education:			
Education Cost - Sharing	11000-SDE64000-17041	\$ 23,090,794	
Excess Cost - Student Based	11000-SDE64000-17047	2,364,464	
Total Department of Education		\$ 25,455,258	-
Total Exempt Programs		\$ 28,773,014	-
Total State Financial Assistance		\$ 46,372,109	843,318

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE FOR THE YEAR ENDED JUNE 30, 2022

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Hamden, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2022. 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. These financial assistance programs fund several programs including education, public safety, and general government services.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Hamden, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut Office of Policy and Management.

Basis of Accounting

The financial statements contained in the Town's annual audit report are prepared on the modified accrual basis. The following is a summary of such basis:

Revenues are recognized when earned and available. Certain grants are recognized based on grant award since they are considered entitlement grants; other grants, such as grants that are dependent upon expenditure factor for determining eligibility, recognize grant revenue to the extent of expenditures.

Expenditures are recorded when the related liability is incurred. Encumbrances are reflected as a reserve against fund balance, and accordingly, are not reflected as expenditures.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. 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 expenditure's column of the Schedule of Expenditures of State Financial Assistance.

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

I. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued: **Unmodified**

Internal Control Over Financial Reporting:

- Material weakness(es) identified? _____ yes x 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? _____ yes x none reported

Type of auditor's 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?

_____ yes x no

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Education		
Education Cost Sharing – Alliance District	11000-SDE64000-17041-82164	\$ 8,143,948
Department of Transportation		
Town Aid Road Grants - STO	13033-DOT57131-43459	334,686
Town Aid Road Grants - Municipal	12052-DOT57131-43455	334,686

Dollar threshold used to distinguish type A and type B programs: \$ 351,981

II. FINANCIAL STATEMENTS FINDINGS

- We issued reports, dated December 19, 2022 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies or material weaknesses.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to State Financial Assistance Programs.