

TOWN OF HAMDEN, CONNECTICUT

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

TOWN OF HAMDEN, CONNECTICUT

TABLE OF CONTENTS

		<u>Page Number</u>
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3a-3f
Basic Financial Statements:		
Government-Wide Financial Statements:	<u>Exhibit</u>	
Statement of Net Position (Deficit)	A	4
Statement of Activities	B	5
Fund Financial Statements:		
Balance Sheet - Governmental Funds	C	6
Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) – Governmental Funds	D	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) of Governmental Funds to the Statement of Activities	E	8
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance – Budgetary Basis – Budget and Actual – General Fund	F	9
Statement of Net Position (Deficit) – Proprietary Funds	G	10
Statement of Revenues, Expenses and Changes in Net Position (Deficit) – Proprietary Funds	H	11
Statement of Cash Flows – Proprietary Funds	I	12
Statement of Fiduciary Net Position (Deficit) – Fiduciary Funds	J	13
Statement of Changes in Fiduciary Net Position (Deficit) – Fiduciary Funds	K	14
Notes to Financial Statements		15-62

TOWN OF HAMDEN, CONNECTICUT

TABLE OF CONTENTS

Required Supplementary Information:

Schedule of Changes in Net Pension Liability and Related Ratios – Pension Plan	RSI-1	63
Schedule of Changes in Net OPEB Liability and Related Ratios – Other Post Employee Benefits	RSI-2	64
Schedule of Employer Contributions – Pension Plan	RSI-3	65
Schedule of Town Contributions – Connecticut Municipal Employees' Retirement System	RSI-4	66
Schedule of Employer Contributions – Other Post Employee Benefits	RSI-5	67
Schedule of Investment Returns – Pension Plan	RSI-6	68
Schedule of Investment Returns – Other Post Employee Benefits	RSI-7	69
Schedule of the Town's Proportionate Share of the Net Pension Liability (Asset) – Connecticut Municipal Employees' Retirement System	RSI-8	70
Schedule of the Town's Proportionate Share of the Net Pension Liability – Teachers' Retirement Plan	RSI-9	71
Schedule of the Town's Proportionate Share of the Net OPEB Liability – Teachers' Retirement Plan	RSI-10	72

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	73-74
General Fund Expenditures, Encumbrances and Other Financing Uses – Budgetary Basis – Budget and Actual	2	75-76
Non-Major Governmental Funds:		
Combining Balance Sheet	3	77-80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits)	4	81-84

TOWN OF HAMDEN, CONNECTICUT

TABLE OF CONTENTS

Internal Service Funds:

Combining Statement of Net Fund Position (Deficit)	5	85
Combining Statement of Revenues, Expenses and Changes in Net Fund Position (Deficit)	6	86
Combining Statement of Cash Flows	7	87

Private Purpose Trust Funds:

Combining Statement of Net Position	8	88
Combining Statement of Changes in Net Position	9	89

Agency Funds:

Combining Statement of Fiduciary Net Position	10	90
Combining Statement of Changes in Assets and Liabilities	11	91

Other Schedules:

Schedule of Property Taxes Levied, Collected and Outstanding	12	92-93
Schedule of Debt Limitation	13	94-95

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Government Activities	Qualified
General Fund	Unmodified
Capital Projects	Unmodified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinion on Government Activities

Accounting principles generally accepted in the United States of America require the Town calculate the net other post employee benefits liability (net OPEB liability) based on an actuarial valuation that dated within a 24 month period of financial statement date. The June 30, 2021 net OPEB liability was calculated based on the June 30, 2018 actuarial valuation. The amount of which this departure would affect the long-term liabilities and net position stated in the Government-wide financial statements could not be determined.

Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on the General Fund” 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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* on pages 3a through 3f and the required supplemental information on pages 65-74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hamden, Connecticut's basic financial statements. The 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.

The 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 the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 February 25, 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



February 25, 2022

TOWN OF HAMDEN, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

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, 2021. Please read it in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- On a government-wide basis, the liabilities of the Town of Hamden exceeded its assets, resulting in a total net position on June 30, 2021, of (\$948,906,884). The decrease \$46.5 million in deficit from FY2020 concerns primarily assets and liabilities associated with pension and other post-employment benefits.
- On a government-wide basis, during the year, the Town's net position increased by \$46.5 compared to a \$106.8 decrease in 2020.
- 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 \$18,020 million, an increase of \$22.2 million from the prior fiscal year fund balance of \$(4.3) million. The increase was due to \$30 million of bonding during the fiscal year, of which \$16.5 million was used to fund capital projects and the remainder was used to reorganize the general obligation bonds.
- At the end of the 2021 fiscal year, the total fund balance for the General Fund alone was \$7.3 million, an increase of \$9.5 million from the prior fiscal year. The total General Fund balance at year-end represents 3.8% of the total General Fund budget appropriations for the fiscal year ending June 30, 2021 (\$248 million).
- The Town of Hamden's total long-term bonded indebtedness increased by \$13.8 million during the current fiscal year to \$308 million however, the Town's net pension obligations were reduced by \$27.7 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.

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.

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 \$948,906,884 on June 30, 2021. The growth in the deficit from FY2020 to FY2021 concerns primarily assets and liabilities associated with pension and other post-employment benefits.

Town of Hamden, Connecticut Summary Statement of Net Position (Deficit)

	June 30, 2021	June 30, 2020
Current and other assets	\$ 40,585,126	62,013,889
Deferred outflows on resources	101,497,073	58,642,748
Capital assets	259,267,079	264,326,323
Total assets and deferred outflows on resources	\$ 401,349,278	384,982,960
Other liabilities	\$ 27,691,726	84,319,884
Deferred inflows on resources	52,965,582	41,255,636
Long-term liabilities	1,269,598,854	1,254,846,635
Total liabilities and deferred inflows on resources	\$ 1,350,256,162	1,380,422,155
Net position (deficit):		
Investment in capital assets - net of related debt	\$ 62,667,079	71,810,228
Restricted	10,500	754,327
Unrestricted (deficit)	(1,011,584,463)	(1,068,003,750)
Total net position (deficit)	\$ (948,906,884)	(995,439,195)

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
Summary Statement of Activities

	June 30, 2021	June 30, 2020
Operating revenues:		
Charges for services	\$ 7,692,406	6,170,907
Operating grants and contributions	71,628,361	62,388,048
Capital grants and contributions	661,945	3,517,355
General revenues:		
Property taxes	196,486,568	190,395,341
Grants not restricted to specific purposes	15,730,164	8,030,645
Unrestricted investment earnings	48,702	550,941
Miscellaneous	1,042,734	1,500,189
Total revenues	\$ 293,290,880	272,553,426
Expenses:		
General government	\$ 14,486,466	36,459,660
Public safety	35,707,134	46,467,820
Public works	19,090,693	92,454,745
Health and welfare	2,125,086	3,057,031
Culture and recreation	4,110,753	9,560,991
Education	158,679,985	177,118,258
Interest on long-term debt	12,558,451	14,303,026
Total expenses	\$ 246,758,568	379,421,531
Changes in net position (deficit)	\$ 46,532,312	(106,868,105)
Net position (deficit), beginning	(995,439,195)	(888,571,090)
Net position (deficit), ending	\$ (948,906,884)	(995,439,195)

The Town's net deficit decreased by \$46,532,312. This reduction in the deficit is principally due to the changes in the net pension liability.

Governmental Activities

For governmental activities, approximately 67% of the revenues was derived from property taxes, followed by approximately 30% from intergovernmental revenues.

Major revenue factors included:

- Grant revenue increased by \$7.7 million
- Charges for services increased by \$9.2
- Property tax revenue increased by \$6.0 million.

For governmental activities, approximately 64% of the Town's expenses relate to education, 6% relate to general government, 8% relate to public works operations, 14% to public safety, 5% to interest on debt, and the remaining 3% relate to health and welfare, community development, culture, and recreation.

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 \$7.3 million.

As stated earlier, the fund balances of the Town of Hamden's General Fund increased by \$9.6 million during the current fiscal year. This increase was primarily due to the restructuring of debt and high than expected revenues.

The **Capital Project Fund** had an increase in fund balance of \$15 million which included a bond issuance of \$16.5 million and capital expenditures of \$1.6 million.

Proprietary funds: The deficit of the Internal Service Funds at the end of the year was \$11.7 million, with a minimal change from the prior year. Included in this deficit is long-term claims of \$8.8 million.

General Fund Budgetary Highlights

During the year, actual revenues and other financing sources were \$248,998 million, which were Lower than budgetary estimates by \$173 thousand.

Actual expenditures and transfers out on a budgetary basis totaled \$239 million or \$9.2 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, 2021, amounts to \$487 million on a gross basis and \$259 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 Capital Assets Net of Depreciation

	June 30, 2021	June 30, 2020
Governmental funds capital assets:		
Land	\$ 19,046,157	18,368,697
Land improvements	16,856,603	18,647,071
Buildings and improvements	154,374,444	159,351,403
Machinery and equipment	5,026,477	7,211,689
Infrastructure	24,704,988	26,170,919
Construction in progress	39,258,410	34,576,544
Total	\$ 259,267,079	264,326,323

The major capital asset events during the current fiscal year included equipment and vehicle purchases. In addition, the completion of significant construction in progress resulted in an increase building and infrastructure improvements.

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 \$307 million, compared to \$294 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 other post-employment obligations by increasing its contributions to the fund. The Town set up and began to fund an irrevocable trust for future OPEB obligations.

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

FY 2021/2022

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, 2021

	Primary Government Governmental Activities
Assets:	
Cash and cash equivalents	\$ 8,200,146
Investments	15,862,500
Receivables, net	13,886,773
Inventory	21,207
Prepaid expenses	1,119,149
External balances	1,495,351
Capital assets:	
Capital assets, not being depreciated	58,304,567
Capital assets, being depreciated, net	200,962,512
Total assets	\$ 299,852,205
Deferred outflows of resources:	
Pension and other post retirement	\$ 101,497,073
Liabilities:	
Accounts payable and accrued expenses	\$ 11,374,789
Accrued interest	6,329,776
Payments in advance	1,159,598
Incurred but not reported	8,827,563
Bond and tax anticipation notes	
Noncurrent liabilities:	
Due within one year	2,820,000
Due in more than one year	1,266,778,854
Total liabilities	\$ 1,297,290,580
Deferred inflows of resources:	
Pension and other post retirement	\$ 52,384,079
Advance tax collections	581,503
Total deferred inflows of resources	\$ 52,965,582
Net position:	
Invested in capital assets, net of related debt	\$ 62,667,079
Restricted	10,500
Unrestricted	(1,011,584,463)
Total net position (deficit)	\$ (948,906,884)

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

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

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	\$ 14,486,466	3,709,643	311,007		(10,465,816)
Public safety	35,707,134	2,960,277	420,470		(32,326,387)
Public works	19,090,693	98,925	262,352	661,945	(18,067,471)
Health and welfare	2,125,086	51,585	764,444		(1,309,057)
Culture and recreation	4,110,753	681,684			(3,429,069)
Education	158,679,985	190,291	69,870,088		(88,619,606)
Interest on long-term debt	12,558,451				(12,558,451)
Total governmental activities	\$ 246,758,568	7,692,405	71,628,361	661,945	(166,775,857)
Total primary government	\$ 246,758,568	7,692,405	71,628,361	661,945	(166,775,857)

General revenues:

Property taxes	\$ 196,486,568
Grants and contributions not restricted for specific programs	15,730,164
Investment income	48,702
Other unrestricted income	1,042,734

Total general revenues and transfers \$ 213,308,168

Change in net position \$ 46,532,311

Net position, beginning (995,439,195)

Net position, ending \$ (948,906,884)

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

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	Major Funds		Nonmajor	Total
	General	Capital Project Fund	Governmental Funds	Governmental Funds
Assets:				
Cash and cash equivalents	\$ 5,203,368	261,718	2,594,606	8,059,692
Investments	542	15,861,958		15,862,500
Receivables, net	13,174,931	524,572	187,270	13,886,773
Due from other funds	12,075,180		1,641,714	13,716,894
Inventories			21,207	21,207
Total assets	\$ 30,454,021	16,648,248	4,444,797	51,547,066
Liabilities and Fund Balances				
Liabilities:				
Accounts and other payables	\$ 10,183,929	80,179	988,189	11,252,297
Payments in advance			1,159,598	1,159,598
Due to other funds	1,168,707	2,897,399	5,233,234	9,299,340
Total liabilities	\$ 11,352,636	2,977,578	7,381,021	21,711,235
Deferred inflows of resources:				
Unavailable revenues	\$ 11,233,911			11,233,911
Advance tax payments	581,503			581,503
Total deferred inflows of resources	\$ 11,815,414	-	-	11,815,414
Fund balances:				
Nonspendable	\$		21,207	21,207
Restricted for:				
Donor's intentions			10,500	10,500
Committed for:				
Other	743,828	1,042,258	737	1,786,823
Assigned		12,628,412	1,237,645	13,866,057
Unassigned	6,542,143		(4,206,313)	2,335,830
Total fund balances	\$ 7,285,971	13,670,670	(2,936,224)	18,020,417
Total liabilities, deferred inflows of resources and fund balances	\$ 30,454,021	16,648,248	4,444,797	

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.	259,267,079
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.	60,346,905
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.	(11,731,804)
Long-term liabilities , including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	(1,274,809,481)
Net position (deficit) of governmental activities (Exhibit A)	<u>\$ (948,906,884)</u>

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, 2021

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Capital Projects		
Revenues:				
Property taxes and assessments	\$ 199,707,498			199,707,498
Intergovernmental	66,956,305	363,385	20,625,815	87,945,505
Charges for services	7,167,498		524,907	7,692,405
Investment income	48,313		389	48,702
Miscellaneous	933,658		184,041	1,117,699
Total revenues	\$ 274,813,272	363,385	21,335,152	296,511,809
Expenditures:				
Current:				
General government	\$ 11,433,766			11,433,766
Public safety	30,118,199		435,746	30,553,945
Public works	12,407,473		333,378	12,740,851
Public health	1,834,511			1,834,511
Culture and recreation	2,696,864		596,196	3,293,060
Education	118,060,357		19,927,613	137,987,970
Other	75,368,217		157,728	75,525,945
Capital outlay		4,032,688		4,032,688
Debt service	16,181,643			16,181,643
Total expenditures	\$ 268,101,030	4,032,688	21,450,661	293,584,379
Excess (deficiency) of revenues over (under) expenditures	\$ 6,712,242	(3,669,303)	(115,509)	2,927,430
Other financing sources (uses):				
Transfer from other funds	\$			-
Transfer to other funds				-
Proceeds from sale of bonds	2,862,733	16,500,000		19,362,733
Total other financing sources (uses)	\$ 2,862,733	16,500,000	-	19,362,733
Net changes in fund balances	\$ 9,574,975	12,830,697	(115,509)	22,290,163
Fund balances (deficits) - beginning	(2,289,004)	839,973	(2,820,715)	(4,269,746)
Fund balances (deficits) - ended	\$ 7,285,971	13,670,670	(2,936,224)	18,020,417

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, 2021**

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)	\$ 22,290,163
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.	(5,059,244)
Deferred inflows and outflows of resources previously recognized in the statement of activities that provided current financial resources in the current year.	27,906,306
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.	1,389,829
The net expense of certain activities of internal service funds is reported with governmental activities.	<u>5,257</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 46,532,311</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 200,630,854	200,630,854	199,707,498	(923,356)
Intergovernmental	38,129,820	38,129,819	38,287,870	158,051
Charges for services	3,027,270	3,028,770	3,058,116	29,346
Investment income	560,000	560,000	48,313	(511,687)
Licenses, permits and fees	3,973,325	4,223,325	4,109,382	(113,943)
Other revenues	2,607,410	2,607,409	933,658	(1,673,751)
Total revenues	<u>\$ 248,928,679</u>	<u>249,180,177</u>	<u>246,144,837</u>	<u>(3,035,340)</u>
Expenditures:				
Current:				
General government	\$ 12,203,884	12,413,665	11,433,766	(979,899)
Public safety	31,013,533	30,663,987	30,118,199	(545,788)
Public works	12,362,269	12,994,440	12,407,473	(586,967)
Health and welfare	2,034,928	2,034,928	1,834,511	(200,417)
Culture and recreation	2,926,795	2,926,795	2,696,864	(229,931)
Education	89,644,925	89,644,925	89,391,922	(253,003)
Employee benefits	76,267,500	75,572,884	75,368,217	(204,667)
Debt service:				
Principal retirements	8,360,000	8,360,000	2,690,000	(5,670,000)
Interest and other charges	14,114,845	14,114,845	13,491,643	(623,202)
Total expenditures	<u>\$ 248,928,679</u>	<u>248,726,469</u>	<u>239,432,595</u>	<u>(9,293,874)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>453,708</u>	<u>6,712,242</u>	<u>6,258,534</u>
Other financing sources (uses):				
Proceeds from sale of bonds	\$ -	-	2,862,733	2,862,733
Total other financing sources (uses)	<u>\$ -</u>	<u>-</u>	<u>2,862,733</u>	<u>2,862,733</u>
Revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>453,708</u>	<u>9,574,975</u>	<u>6,258,534</u>
Net change in unassigned fund balance			9,574,975	
Unassigned fund balance, July 1, 2020			(3,032,832)	
Unassigned fund balance, June 30, 2021			<u>\$ 6,542,143</u>	

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

STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
June 30, 2021

	Governmental Activities Internal Service Funds
Assets:	
Current assets:	
Cash and cash equivalents	\$ 140,454
Total assets	\$ 140,454
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 122,492
Due to other funds	2,922,203
Total current liabilities	\$ 3,044,695
Noncurrent liabilities:	
Incurred, but not reported claims	\$ 8,827,563
Total noncurrent liabilities	\$ 8,827,563
Total liabilities	\$ 11,872,258
Net position (deficit):	
Unrestricted	\$ (11,731,804)
Total net position (deficit)	\$ (11,731,804)

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, 2021

	Governmental Activities <u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 23,110,437
Employer's contribution	<u>3,565,263</u>
Total operating revenues	\$ <u>26,675,700</u>
Operating expenses:	
Claims	\$ <u>26,670,443</u>
Total operating expenses	\$ <u>26,670,443</u>
Operating income (loss)	\$ <u>5,257</u>
 Change in net fund position	 \$ 5,257
Net position (deficit), beginning	<u>(11,737,061)</u>
Net position (deficit), ended	\$ <u>(11,731,804)</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, 2021

	Governmental Activities <u>Internal Service Funds</u>
Cash flows from operating activities:	
Receipts from customers	\$ 26,675,700
Payments for benefits	(26,357,189)
Internal activity-payments from (to) other funds	<u>(428,624)</u>
Net cash flows from operating activities	\$ <u>(110,113)</u>
Net increase (decrease) in cash and cash equivalents	\$ (110,113)
Cash and cash equivalents, beginning	<u>250,567</u>
Cash and cash equivalents, ended	\$ <u><u>140,454</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income (loss)	\$ 5,257
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
Decrease (increase) in due from other funds	(428,624)
Increase (decrease) in accounts payable	(346,977)
Increase (decrease) in claims payable	<u>660,231</u>
Net cash flows from operating activities	\$ <u><u>(110,113)</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, 2021

	Pension Trust Fund	Other Post Employment Benefit Fund	Private Purpose Trust Fund	Agency
Assets:				
Cash and cash equivalents	\$ 4,965,013	850,334	453,459	1,187,965
Investments, fair value	198,840,598			
Accounts receivable	52,320			
External balances		250,000	244,760	87,598
Prepaid expenses				
Total assets	\$ 203,857,931	1,100,334	698,219	1,275,563
Liabilities:				
Accounts payable and accrued expenses	\$		29,991	
External balances	250,000	1,827,709		
Other liabilities		918,276		
Held for deposit for others				1,275,563
Total liabilities	\$ 250,000	2,745,985	29,991	1,275,563
Fiduciary net position:				
Net position - restricted for pension	\$ 203,607,931			
Net position - restricted for other purposes			668,228	
Net position (deficit)		(1,645,651)		
Total fiduciary net position (deficit)	\$ 203,607,931	(1,645,651)	668,228	-

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, 2021

	Pension Trust Funds	Other Post Employment Benefit Fund	Private Purpose Trust Funds
Additions:			
Contributions:			
Town of Hamden	\$ 23,600,000	17,428,000	
Employees	1,842,951	1,654,849	
Other		863,485	276,496
Total contributions	<u>\$ 25,442,951</u>	<u>19,946,334</u>	<u>276,496</u>
Investment earnings:			
Net increase in fair value of investments	\$ 37,340,209	106	
Interest and dividends	1,593,825		1,806
Less: investment expenses	(599,320)	(250)	
Total investment earnings	<u>\$ 38,334,714</u>	<u>(144)</u>	<u>1,806</u>
Total additions	<u>\$ 63,777,665</u>	<u>19,946,190</u>	<u>278,302</u>
Deductions:			
Benefits paid to participants	\$ 28,766,211	20,057,828	
Administrative expenses	226,389		
Other deductions			298,165
Total deductions	<u>\$ 28,992,600</u>	<u>20,057,828</u>	<u>298,165</u>
Change in net position	<u>\$ 34,785,065</u>	<u>(111,638)</u>	<u>(19,863)</u>
Net position (deficit), beginning	<u>168,822,866</u>	<u>(1,534,013)</u>	<u>688,091</u>
Net position (deficit), ended	<u><u>\$ 203,607,931</u></u>	<u><u>(1,645,651)</u></u>	<u><u>668,228</u></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, 2021

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, 2021

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, 2021

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 **agency 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, 2021

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, 2021

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, 2021

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, 2021

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 Board of Aldermen.

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, 2021

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, 2021

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 and Encumbrances</u>
Balance, budgetary basis	\$ 246,144,837	239,432,595
State Teachers' Retirement "on-behalf" payment, not recognized for budgetary purposes	29,522,266	29,522,266
Reclassify Board Education reimbursements to Town for indirect costs	<u>(853,831)</u>	<u>(853,831)</u>
Balance, GAAP basis	\$ <u>274,813,272</u>	<u>268,101,030</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	\$ 19,046,157
Construction in progress	39,258,410
Net capital assets being depreciated	<u>200,962,512</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$ <u>259,267,079</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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	\$ (307,975,000)
Deferred cost on debt refunding	1,119,149
Net obligations on retirement plans	(945,035,482)
Compensated absences	(6,962,384)
Heart and hypertension	(665,979)
Claims and judgments	(90,000)
Accrued interest on debt	(6,329,776)
Deferred Bond Premium	(8,870,009)
Net adjustment to reduce fund balance to arrive at net assets of government activities	\$ <u>(1,274,809,481)</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	\$ 11,233,911
Deferred inflows/outflows related to pension and OPEB	<u>49,112,994</u>
Net adjustment to increase fund balance to arrive at net assets of government activities	\$ <u>60,346,905</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	\$ 5,855,080
Depreciation	<u>(10,914,324)</u>
Net adjustment to increase net changes in fund balances to arrive at changes in net assets of governmental activities	\$ <u>(5,059,244)</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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	\$ 2,730,000
New Issuance	(16,500,000)
Bond premiums and savings, net of amortization	(1,536,936)
Net change in net obligation on retirement plans and OPEB	16,911,903
Net change in other long-term liabilities	217,467
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>\$ 1,389,829</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	\$ 8,059,692		8,059,692
Internal service funds	140,454		140,454
Fiduciary funds	7,456,777		7,456,777
Investments:			
Government funds	15,861,958	542	15,862,500
Fiduciary funds (pension)		198,840,598	198,840,598
Total deposits and investments	<u>\$ 31,518,881</u>	<u>198,841,140</u>	<u>230,360,021</u>

Deposits

The carrying amounts of the Town's deposits at June 30, 2021, consist of the following:

Bank deposit accounts	\$ 31,518,431
Cash on hand	<u>450</u>
Total deposits	<u>\$ 31,518,881</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Custodial credit risk

As of June 30, 2021, the carrying amount of the Town's deposits had bank balances of approximately \$34,684,509. The amount of the bank balance covered under federal depository insurance was approximately \$766,000. 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, 2021, approximately \$3,468,000 of uninsured deposits were collateralized under the provision.

Investments

As of June 30, 2021, the Town held the following investments:

Investment Type	Fund	Fair Value	Fair Value Hierarchy Level	Weighted Average to Maturity (years)
State investment fund	General fund	\$ 464	1	.02
Equity real estate	Trust funds	25,175,228	1	n/a
Common stock	Trust funds	50,982,088	1	n/a
Mutual funds	Trust funds	122,683,360	1	n/a
Total Investments		\$ <u>198,841,140</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, 2021****Note 5 - Receivables, Payables, and Unearned or Unavailable Funds**

The receivables as of June 30, 2021 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	\$ 8,158,687			8,158,687
Interest on delinquent taxes	4,063,041			4,063,041
Intergovernmental	116,442	524,572	187,270	828,284
Accounts	836,761			836,761
Net total receivables	\$ 13,174,931	524,572	187,270	13,886,773

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	\$ 6,972,095		6,972,095
Interest on delinquent taxes	3,809,382		3,809,382
Overpayment on property taxes		173,691	173,691
Delinquent accounts	452,434		452,434
Advance payments on taxes		407,812	407,812
Non-major Funds:			
Advanced payments on grants		1,159,598	1,159,598
Total	\$ 11,233,911	1,741,101	12,975,012

Payables

Payables as of June 30, 2021 for the Town's individual major funds and non-major funds were as follows:

	Vendors	Payroll	Total
General fund	\$ 5,520,099	4,663,830	10,183,929
Capital projects fund	80,179		80,179
Non-major funds	988,189		988,189
Internal Service funds	122,492		122,492
Total governmental activities	\$ 6,798,557	4,663,830	11,374,789

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Temporary notes payables

Bond anticipation notes

The Town uses short-term notes payable in anticipation of bond-issuances to provide interim funding for various capital projects. Activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
August 2019 BAN	<u>18,500,000</u>	<u>-</u>	<u>18,500,000</u>	<u>-</u>
Total governmental funds	<u>\$ 18,500,000</u>	<u>-</u>	<u>18,500,000</u>	<u>-</u>

Tax anticipation notes

The Town has entered into a Tax Anticipation Note (TAN) on June 25, 2020 with Webster Bank to provide the Town with \$20,000,000 working capital reserve due to the implementation of the deferment program and the low interest rate program under the State of Connecticut's Executive order No. 7S. The note was fully paid during the June 30, 2021 fiscal year.

	<u>Beginning Balance</u>	<u>Borrowings</u>	<u>Repayments</u>	<u>Ending Balance</u>
June 2020 TAN	<u>\$ 20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
Total governmental funds	<u>\$ 20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>

Note 6 - Inter-fund Receivables, Payables and Transfers

Inter-funds receivables and payables

Inter-fund receivables and payables at June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General fund	\$ 12,075,180	1,168,707
Capital projects		2,897,399
Nonmajor	1,641,714	5,233,234
Internal services		2,922,203
Total governmental activities	\$ 13,716,894	12,221,543
Other post employee benefits		1,827,709
Private purpose trusts	244,760	
Agency	87,598	
	<u>\$ 14,049,255</u>	<u>14,049,252</u>

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 7 - Capital Assets

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

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 18,368,697	677,460		19,046,157
Construction in progress	34,576,544	4,681,866		39,258,410
Total capital assets, not being deprec.	\$ 52,945,241	5,359,326	-	58,304,567
Capital assets being depreciated:				
Land improvements	\$ 35,947,568			35,947,568
Buildings and improvements	248,229,905			248,229,905
Machinery and equipment	27,430,013	495,754		27,925,767
Infrastructure	116,920,714			116,920,714
Total capital assets being depreciated	\$ 428,528,200	495,754	-	429,023,954
Less: accumulated depreciation:				
Land improvements	\$ 17,300,497	1,790,468		19,090,965
Buildings and improvements	88,878,502	4,976,959		93,855,461
Machinery and equipment	20,218,324	2,680,966		22,899,290
Infrastructure	90,749,795	1,465,931		92,215,726
Total accumulated depreciation	\$ 217,147,118	10,914,324	-	228,061,442
Net capital assets, being depreciated	\$ 211,381,082	(10,418,570)		200,962,512
Total capital assets, governmental	\$ 264,326,323	(5,059,244)	-	259,267,079

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

Governmental activities:	
General government	\$ 1,477,060
Education	3,498,852
Public safety	942,675
Public works	4,594,078
Health and welfare	37,769
Community services	363,890
Total depreciation expense-	
governmental activities	\$ 10,914,324

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Note 8 - Long-Term Liabilities

The long-term liabilities activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Balance	Due In One Year
Governmental activities:					
Long-term debt:					
G.O. bonds	\$ 222,405,000	16,500,000	7,585,000	231,320,000	2,790,000
G.O. refunding bonds	71,800,000	13,935,000	9,080,000	76,655,000	-
Total long-term debt	\$ 294,205,000	30,435,000	16,665,000	307,975,000	2,790,000
Deferred amount on: bond premium	5,798,420	4,031,571	959,982	8,870,009	-
Net long-term debt	\$ 300,003,420	34,466,571	17,624,982	316,845,009	2,790,000
Other long-term liabilities					
Net pension liability	298,338,937		27,682,056	270,656,881	
Net pension liability - CMERS	36,502,937	4,418,072		40,921,009	
Net OPEB liability	627,105,511	6,352,081		633,457,592	
Compensated absences	6,874,951	87,433		6,962,384	
Claims payable	120,000		30,000	90,000	30,000
Heart and hypertension	940,879		274,900	665,979	
Total governmental activities long-term liabilities	\$ 1,269,886,635	45,324,157	45,611,938	1,269,598,854	2,820,000

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 and are direct obligations and pledge the good faith and credit of the government. As of June 30, 2021, the outstanding general obligation bonded indebtedness of the Town was as follows:

	General	Refunding
\$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	\$ 1,060,000	
\$34,000,000 G.O.B. 2011A , issue of 8/24/2011, due 8/15/2031, interest at 2.0% to 4.25%, annual principal payments of \$1,750,000 to \$10,500,000	15,750,000	
\$24,705,000 G.O.B. taxable 2012 , issue of 8/15/2012, due 8/15/2032, interest at 2.0% to 5.0%, annual principal payments of \$1,235,000	10,865,000	
\$29,415,000 G.O.B. refunding 2013 , issue of 5/2/2013, due 8/25/2025, interest at 5.0%, annual principal payments of \$1,320,000 to \$13,250,000		12,855,000

(continued)

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

	<u>General</u>	<u>Refunding</u>
		(Continued)
\$26,405,000 G.O.B. 2015A , issue of 8/24/2011, due 8/15/2031, interest at 2.0% to 4.25%, annual principal payments of \$1,750,000 to \$10,500,000	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 \$2,295,000		4,570,000
\$125,000,000 G.O.B. pension funding bond 2015 , issue of 3/10/2015, due 8/15/2044, interest at 4.0% to 5.2%, annual principal payments of \$1,320,000 to \$1,325,000	111,375,000	
\$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 G.O.B. 2018A , issue of 7/17/18, due 8/15/2029, interest at 5.00%, full payment due end of term	10,605,000	
\$33,660,000 G.O.B. refunding 2018B , issue of 7/17/2018, due 8/15/2037, 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 bond payments due 2033 and 2038 for \$3,000,000	10,200,000	
\$21,290,000 G.O.B. 2020 , 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	16,500,000	4,790,000
\$9,145,000 G.O.B refunding 2020 , issue of 7/22/2020, due 8/1/2031, interest at 2.8%, full payment due at end of term		9,145,000
Total general obligation bonds	<u>\$ 231,320,000</u>	<u>76,655,000</u>

TOWN OF HAMDEN, CONNECTICUT**NOTES TO THE FINANCIAL STATEMENTS****June 30, 2021**

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

Year Ended, June 30	Governmental Activity	
	Principal	Interest
2022	\$ 2,790,000	14,765,485
2023	14,410,000	13,756,191
2024	16,850,000	13,051,951
2025	17,145,000	12,318,005
2026	18,000,000	11,575,883
2027-2031	104,735,000	44,613,192
2032-2036	66,890,000	23,576,429
2037-2041	38,105,000	12,105,705
2042-2046	29,050,000	3,119,480
Total	\$ 307,975,000	148,882,321

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, 2021, as follows:

General purpose	\$ 15,405,000
Schools	<u>3,915,000</u>
Total	<u>\$ 19,320,000</u>

Legal debt limit

The Town's indebtedness (including authorized but not 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	\$ 427,498,780	141,884,500	285,614,280
Schools	898,946,033	54,715,500	844,230,533
Sewers	749,121,694	-	749,121,694
Urban Development	649,238,801	-	649,238,801
Pension	599,297,355	111,375,000	487,922,355

The total overall statutory debt limit for the Town is equal to 7 times annual receipts from taxation, or \$1,398,360,495

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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. Disability benefits are provided as the greater of 30% of average annual compensation if hired on or after July 1, 1981,

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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, 2020, the date of the last actuarial valuation:

Retirees and beneficiaries currently receiving benefits	780
Terminated plan members entitled to, but not yet receiving benefits	21
Active plan members	294
Total	<u>1,095</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.

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

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 will be 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 increasing 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 increasing 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.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities:			
Large cap	10%	35%	25%
Small cap	0%	10%	5%
Mid cap	0%	10%	5%
International	5%	15%	10%
Fixed income	30%	50%	40%
Real estate investment trusts	10%	20%	15%
Cash and equivalents		minimal	

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 80% of the value of its net assets, plus borrowings for investment purposes, in equity securities issued by companies that are 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, 2021, investments in these funds totaled \$22,909,557.

Rate of return

For the year ended June 30, 2021, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense, was 22.95%. 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 \$25,174,208, 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, 2021 is comprised of the following:

<u>Investment</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Sentinel Estate Fund	\$ 13,184,206	n/a	quarterly	30 days
U.S. Real Estate Investment Fund, LLC	11,990,002	n/a	quarterly	30 days
Total investments measured at NAV	\$ 25,174,208			

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).

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Net pension liability of the Town

The Town's 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 July 1, 2020.

The components of the net pension liability of the Town at June 30, 2021 were as follows:

Total pension liability	\$	474,264,812
Plan fiduciary net position		<u>(203,607,931)</u>
Net pension liability	\$	<u>270,656,881</u>
Plan fiduciary net position as a percentage of the total pension liability		42.93%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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	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)

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, 2020 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, 2021 are summarized in the following table:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	37.5%	6.55%
International equity	10.0%	7.30%
Fixed income	32.5%	0.40%
Real estate	20.0%	3.65%
	<u>100.00%</u>	

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 \$23,600,000 for the fiscal year ending June 30, 2021, 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, 2020 (24 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

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of June 30, 2020	\$ 467,164,240	168,825,303	298,338,937
Changes for the year:			
Service cost	3,899,162		3,899,162
Interest on total pension liability	31,967,621		31,967,621
Employer contributions		23,600,000	(23,600,000)
Employee contributions		1,842,951	(1,842,951)
Net investment income		38,332,278	(38,332,278)
Benefit payments, including refund of employee contributions	(28,766,211)	(28,766,211)	-
Administrative expenses		(226,390)	226,390
Net changes	\$ 7,100,572	34,782,628	(27,682,056)
Balances as of June 30, 2021	\$ 474,264,812	203,607,931	270,656,881

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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	\$ 324,305,673	270,656,881	225,561,169

Pension trust funds

The Town maintains a pension trust fund to account for its fiduciary responsibility. The following schedules present the net position held in trust for pension benefits at June 30, 2021 and the changes in net position for the year then ended.

Schedule of net position

Assets:	
Cash and cash equivalents	\$ 4,965,013
Receivables	52,320
Investments	198,840,598
Total assets	\$ 203,857,931
Liabilities:	
Accounts payable and accrued expenses	\$ 250,000
Total liabilities	\$ 250,000
Net assets held in trust for pension benefits	\$ 203,607,931

Schedule of changes in net position

Additions:	
Contributions:	
Employer	\$ 23,600,000
Employee	1,842,951
Total	\$ 25,442,951
Investment income:	
Net investment income	\$ 38,334,714
Total additions	\$ 63,777,665
Deductions:	
Benefits	\$ 28,766,211
Administrative expenses	226,389
Total deductions	\$ 28,992,600
Net increase	\$ 34,785,065
Net position at beginning of year	168,822,866
Net position at end of year	\$ 203,607,931

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

For the year ended June 30, 2021 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	\$ 21,783	20,151,336
Changes in assumptions	39,214	
Differences between expected and actual experience	2,445,149	
Total	\$ 2,506,146	20,151,336

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,	
2021	\$ 1,346,486
2022	(4,996,561)
2023	(4,464,135)
2024	(4,203,231)
2025	(5,327,749)
Thereafter	-
Total	\$ (17,645,190)

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, 55 Elm Street, 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, 2021

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. Non-service 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, 2021

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 11.74% and 17.13% 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, 2020, 2019 and 2018 were \$3,210,514, \$3,052,674, and \$2,388,233 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, 2021, 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 \$40,921,009 based on the Town's proportionate share of 5.186786% for service employees and 5.087421% for police.

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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 \$9,615,859 for the year ended June 30, 2021.

At June 30, 2021, 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	\$ 4,091,441	
Changes of assumptions	6,296,997	
Change in proportional share	2,484,595	304,015
Net difference between employer expected and actual experience	2,562,272	4,211,754
Total	\$ 15,435,305	4,515,769

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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,	
2021	\$ 4,560,606
2022	5,135,595
2023	685,616
2024	537,719
2025	-
Thereafter	-
	\$ <u>10,919,536</u>

Actuarial assumptions

The total pension liability is based upon the July 1, 2020 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	2.5%
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, 2020 are summarized in the following table:

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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	\$ 31,684,462	22,623,077	14,985,514

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, 2021

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, 2021

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, 2020; 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		206,095,940
Total net pension liability	\$	<u>206,095,940</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

For the year ended June 30, 2021 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, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, 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, 2021

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, 2019. The post-employment plan does not issue stand-alone financial reports.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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, 2019, the date of the last actuarial valuation:

Retirees and beneficiaries receiving benefits	1,636
Active plan members	<u>1,110</u>
Total	<u><u>2,746</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 2020, the Town contributions to the Plan were \$18,520,092 and total benefits provided on a pay-as-you go basis were \$17,721,843.

Effective July 1, 2016 the Town's required contributions are actuarially determined on an annual basis using the entry age normal actuarial cost method, level percent of pay. Prior to July 1, 2016, a projected unit credit cost method was used.

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, 2021

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, 2021, 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, 2021 were as follows:

Total OPEB liability	\$ 631,811,941
Plan fiduciary net position	<u>(1,645,651)</u>
Net OPEB liability	<u>\$ 633,457,592</u>
Plan fiduciary net position as a percentage of the total OPEB liability	(0.26%)

The Town's net OPEB liability is required to be recorded in the government-wide financial statement of net position as of June 30, 2021.

Actuarial assumptions

The total OPEB liability was measured by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Payroll growth rate	3.50%
Discount rate	2.21% as of June 30, 2020; 3.50% as of June 30, 2019
Investment rate of return	3.50%
Healthcare cost trend rates:	
Medical (non-Medicare)	7.0% graded to 4.5% over 10 years
Medical (Medicare)	5.5% graded to 4.5% over 4 years
Prescription drug	8.0% graded to 4.5% over 14 years
Dental	3.5%
Administrative expenses	3.0%
ACA excise tax threshold	3.0% in 2018; 2.5% thereafter

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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, 2019 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Short term/cash	100.00%	(.20%)
	<u>100.00%</u>	

*Net of inflation of 2.00%.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 (3.50% as of June 30, 2019). 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, 2020	\$ 625,318,498	(1,534,013)	626,852,511
Changes for the year:			
Service cost	\$ 11,890,162		11,890,162
Interest	13,861,884		13,861,884
Change of benefit terms			
Difference between expected and actual experience	(3,566,445)		(3,566,445)
Changes in assumptions	4,365,670		4,365,670
Employer contributions		18,291,485	(18,291,485)
Employee contributions		1,654,849	(1,654,849)
Other			
Net investment income		(144)	144
Benefit payments, including refund of employee contributions	(20,057,828)	(20,057,828)	
Net changes	\$ (6,493,443)	(111,638)	6,605,081
Balances as of June 30, 2021	\$ 631,811,941	(1,645,651)	633,457,592

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 3.50%, 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 (1.21%) or 1 percent higher (3.21%) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 731,317,556	633,457,592	554,787,411

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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	\$ 535,270,934	633,457,592	758,251,386

The following schedule presents the net position held in trust for OPEB benefits at June 30, 2021 and the changes in net position for the year ended June 30, 2021:

Schedule of Net Position

	OPEB Trust Fund
Assets:	
Cash and cash equivalents	\$ 850,334
Accounts receivable	250,000
Total assets	\$ 1,100,334
Liabilities:	
Accounts payable and accrued expenses	\$ 1,827,709
Other liabilities	918,276
Total liabilities	\$ 2,745,985
Net position (deficit)	\$ (1,645,651)

Schedule of Changes in Net Position

Additions:	
Contributions:	
Employer	\$ 17,428,000
Employee	1,654,849
Other	863,485
Total	\$ 19,946,334
Investment income:	
Net appreciation (depreciation) in fair value of investments	\$ -
Interest and dividends	106
Total investment income	\$ 106
Total additions	\$ 19,946,440
Deductions:	
Benefits	20,058,078
Net increase (decrease)	\$ 111,638
Net position at beginning of year	1,534,013
Net position at end of year	\$ 1,645,651

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$40,983,820. As of June 30, 2021, 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	\$ 20,840,138	6,662,828
Changes in assumptions	65,167,698	21,054,146
Net difference between projected and actual earnings on OPEB plan investments	53,932	
Total	\$ 86,061,768	27,716,974

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	\$ 16,338,965
2023	17,816,194
2024	18,664,850
2025	5,479,545
2026	45,240
Thereafter	-
Total	\$ 58,344,794

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.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 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 |

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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.

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 OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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, 2020, and the total OPEB liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

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, 2018, 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

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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:

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

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.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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. 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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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. The Town is subject to a \$300,000 per claim deductible for workers' compensation claims from July 1, 1999, to June 30, 2009. The Board of Education was covered by CIRMA on a fully insured basis for the same time period.

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.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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 and medical insurance:				
2020	\$ 9,908,247	23,215,774	24,956,689	8,167,332
2021	8,167,332	26,808,618	26,148,387	8,827,563
Heart and hypertension:				
2020	2,923,094	-	1,982,215	940,879
2021	940,879	-	71,054	869,825
Total:				
2020	12,831,341	23,215,774	26,938,904	9,108,211
2021	9,108,211	26,808,618	26,219,441	9,697,388

Note 12 - Fund Deficits Committed fund balances

Fund deficits

The Town has the following fund deficits at June 30, 2021, and expects to eliminate the deficits in the future as follows:

Fund	Deficit	Plan For Elimination
Human services	\$ 45,428	Future charges for services
Public works	353,805	Future receipt of grant
Community development	53,230	Future receipt of Grants
Ice rink	1,071,890	Future charges for services
Wintergreen Magnet School	1,117,574	Future receipt of grant
Other capital projects	60,362	Future bonding and receipt of grants
Public emergency account	1,504,024	Future receipt of grant and appropriations
Workers' compensation	8,593,107	Future charges for services
Medical insurance	3,138,697	Future charges for services
Other post employment benefits	1,645,651	Future charges for services

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

Committed and restricted fund balances

The general funds committed fund balance totaled \$743,828, which is required to be expended on preserving the Town's clerk historic documents in accordance with the State Statutes.

The capital projects funds committed fund balance totaled \$12,628,412, which is required to be expended in accordance the related bond ordinances.

Note 13 – Subsequent Events

On August 12, 2021, 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 February 11, 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 February 11, 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

	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 3,899	4,222	4,508	5,113	5,225	5,888	6,210	6,239
Interest	31,968	31,823	31,405	30,704	30,036	30,955	30,824	31,149
Changes in benefit terms	-	(10,230)	-	(2,873)	-	-	-	-
Differences between expected and actual experience	-	4,890	(2,049)	(748)	(202)	1,347	(10,769)	5,303
Changes of assumptions	-	78	-	-	-	(26,672)	-	-
Benefit payments, including refunds of member contributions	(28,766)	(28,020)	(27,204)	(26,177)	(24,861)	(24,437)	(24,325)	(23,582)
Net change in total pension liability	\$ 7,101	2,764	6,661	6,019	10,199	(12,918)	1,939	19,108
Total pension liability - beginning	467,164	464,400	457,739	451,720	441,522	454,440	452,501	433,393
Total pension liability - ending	\$ 474,265	467,164	464,400	457,739	451,720	441,522	454,440	452,501
Plan fiduciary net position:								
Contributions - employer	\$ 23,600	19,210	15,926	12,650	14,747	12,100	137,071	12,500
Contributions - employee	1,843	2,055	2,049	2,120	2,042	2,195	2,232	2,182
Net investment income	38,332	8,644	11,847	12,389	17,070	1,469	(1,356)	6,997
Benefit payments, including refunds of member contributions	(28,766)	(28,020)	(27,204)	(26,177)	(24,861)	(24,437)	(24,325)	(23,582)
Administrative expenses	(226)	(165)	(111)	(118)	(103)	(119)	(109)	(76)
Net change in plan fiduciary net position	\$ 34,783	1,724	2,507	865	8,896	(8,792)	113,513	(1,980)
Plan fiduciary net position - beginning	168,825	167,102	164,595	163,730	154,834	163,626	50,113	52,093
Plan fiduciary net position - ending	\$ 203,608	168,825	167,102	164,595	163,730	154,834	163,626	50,113
Net pension liability - ending	\$ 270,657	298,339	297,298	293,144	287,990	286,688	290,814	402,388
Plan fiduciary net position as a percentage of total pension liability	42.93%	36.14%	35.98%	35.96%	36.25%	35.07%	36.01%	11.07%
Covered payroll	\$ 23,607	23,031	24,957	26,088	26,805	28,397	28,992	29,347
Net pension liability as a percentage of its covered payroll	1146.53%	1295.39%	1191.23%	1123.67%	1074.39%	1009.57%	1003.08%	1371.13%

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

Numbers shown in thousands.

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

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - OPEB

Last Five Fiscal Years

	2021	2020	2019	2018	2017
Total OPEB liability:					
Service cost	\$ 11,890,162	8,083,621	8,832,669	9,293,258	10,981,900
Interest	13,861,884	18,268,650	19,768,766	18,746,907	16,413,807
Change of benefit terms	-	-	(11,626,527)	-	-
Differences between expected and actual experience	(3,566,445)	(4,949,136)	48,022,928	(2,365,223)	-
Changes of assumptions	4,365,670	98,974,673	(34,540,249)	(20,857,617)	(58,924,795)
Benefit payments	(20,057,828)	(17,721,843)	(19,566,412)	(17,183,899)	(18,548,270)
Net change in total OPEB liability	\$ 6,493,443	102,655,965	10,891,175	(12,366,574)	(50,077,358)
Total OPEB liability - beginning	625,318,498	522,662,533	511,771,358	524,137,932	574,215,290
Total OPEB liability - ending	\$ 631,811,941	625,318,498	522,662,533	511,771,358	524,137,932
Plan fiduciary net position:					
Contributions - employer	\$ 18,291,485	16,496,644	17,230,000	16,050,000	14,350,000
Contributions - employee	1,654,849	1,523,448	1,588,437	1,453,221	1,366,075
Other	-	-	588,722	-	-
Net investment income	(144)	8,545	12,263	5,705	-
Benefit payments, including refunds of member contributions	(20,057,828)	(17,721,843)	(19,566,412)	(17,183,899)	(17,528,220)
Administrative and other costs	-	(249)	(249)	(250)	-
Net change in plan fiduciary net position	\$ (111,638)	306,545	(147,239)	324,777	(1,812,145)
Plan fiduciary net position - beginning	(2,034,013)	(2,340,558)	(2,193,319)	(2,518,096)	(705,951)
Plan fiduciary net position - ending	\$ (2,145,651)	(2,034,013)	(2,340,558)	(2,193,319)	(2,518,096)
Net OPEB liability - ending	\$ 633,957,592	627,352,511	525,003,091	513,964,677	526,656,028
Plan fiduciary net position as a percentage of total OPEB liability	0.34%	0.33%	0.45%	0.43%	0.48%
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

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

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 lowered from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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
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
2012	19,850,851	3,040,000	16,810,851	31,241,635	9.73%

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.

**SCHEDULE OF TOWN CONTRIBUTIONS
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,922,136	3,068,152	3,210,514	3,052,674	2,388,233	2,157,149	1,850,559
Contributions in relation to the contractually required contribution	<u>3,922,136</u>	<u>3,068,152</u>	<u>3,210,514</u>	<u>3,052,674</u>	<u>2,388,233</u>	<u>2,157,149</u>	<u>1,850,559</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Town's covered payroll	\$ 24,061,009	22,708,495	24,107,491	22,407,613	18,861,408	17,007,020	13,794,049
Contributions as a percentage of covered payroll	16.30%	13.51%	13.32%	13.62%	12.66%	12.68%	13.42%

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

Notes to Schedule

Valuation date June 30, 2020
Measurement date June 30, 2020
Reporting date June 30, 2021

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 2018, 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 July 30, 2017.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age
Amortization method Level dollar, closed
Single equivalent amortization period 19 years
Asset valuation method 5-year smoothed market (20% write up)
Inflation 2.5%
Salary increase 3.50-10.00%, including inflation
Investment rate of return 7.00%, net of investment related expense

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
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
2012		N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date July 1, 2018
Measurement date June 30, 2021

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 2.10%
Investment rate of return 3.00%
Healthcare cost trends:
Non-Medicare 7.0% graded to 4.5% over 10 years
Medicare medical 5.5% graded to 4.5% over 4 years
Drug cost 8.0% graded to 4.5% over 14 years
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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	22.95%	5.28%	7.21%	7.73%	11.27%	0.94%	-1.76%	14.44%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	-0.007%	0.722%	0.618%	0.551%	0.264%	N/A	N/A	N/A

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 PENSION LIABILITY (ASSET)
CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

Last Seven Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability - general employees	6.01%	5.62%	5.37%	4.65%	4.65%	3.97%	3.97%
Town's proportion of the net pension liability - police	5.10%	4.84%	15.86%	13.44%	13.44%	9.91%	9.91%
Town's proportionate share of the net pension liability (asset)	\$ 40,921,009	36,502,937	31,324,752	13,060,976	15,411,097	7,642,956	5,510,908
Town's covered payroll	24,061,009	22,708,495	24,107,491	17,294,489	17,294,489	11,446,209	11,446,209
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	170.07%	160.75%	129.94%	75.52%	89.11%	66.77%	48.15%
Plan fiduciary net position as a percentage of total pension liability	71.18%	72.69%	73.60%	91.68%	88.29%	92.72%	90.48%

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

Notes to Schedule

Changes in benefit terms None

Changes in assumptions In 2018, 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	23 years
Asset valuation method	5-year smoothed market (20% write up)

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

	2021	2020	2019	2018	2017	2016	2015
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	206,095,940	195,359,950	150,633,871	151,886,550	160,241,474	122,756,960	113,464,208
Total	\$ 206,095,940	195,359,950	150,633,871	151,886,550	160,241,474	122,756,960	113,464,208
Town's covered payroll	\$ 46,456,198	46,652,789	46,391,257	46,685,753	46,106,650	45,629,422	44,529,870
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	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

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

Notes to Schedule

Changes in benefit terms Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.

Changes in assumptions In 2016, rates of 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 System for the five year period ended June 30, 2015.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense, including inflation

**SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -
TEACHERS' RETIREMENT PLAN**

Last Four Fiscal Years

	2021	2020	2019	2018
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	\$ -	-	-	-
State's proportionate share of the net OPEB liability associated with the Town	30,739,217	30,467,485	30,112,677	39,093,867
Total	\$ 30,739,217	30,467,485	30,112,677	39,093,867
Town's covered payroll	\$ 46,456,198	46,652,789	46,391,257	46,685,753
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	2.50%	2.08%	1.49%	1.79%

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

Notes to Schedule

Changes in benefit terms	The Plan was amended by the State Board, effective July 1, 2018. The amendment added the Anthem Medicare Advantage Plan to the available options under the Plan, changed the "base plan" to the Medicare Advantage Plan for purposes of determining retiree subsidies and/or cost sharing amount(s), and introduced a two year waiting period for re-enrollment in a System-sponsored health care plan for those who cancel coverage or choose not to enroll in a health care coverage option on or after the effective date.
Changes in assumptions	<ul style="list-style-type: none"> - The single equivalent interest rate was increased from 3.56% to 3.87% in 2019 and decreased in 2020 to 3.50% to reflect the change in the Municipal Bond Index Rate. - The expected rate of return on assets increased from 2.75% to 3.00% in 2019 - Changes were made to the assumed per capita claims costs, age related percentage increases, long-term health care cost trend rates, percentage of retired members expected to elect coverage in the future, percentage of retirees expected to enroll in Medicare, the post-disablement mortality table, which was updated to extend the projected mortality from 2017 to 2020, and the percentage of

Methods and assumptions used to determine contribution deferred vested members who will become ineligible for future benefits.

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Amortization period	30 years, open
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of investment related expense, including inflation

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SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Property taxes:				
Current taxes	\$ 181,340,246	181,340,246	181,421,348	81,102
Delinquent taxes	1,900,000	1,900,000	2,011,991	111,991
Supplemental taxes	2,100,000	2,100,000	1,775,131	(324,869)
Property tax interest	1,050,000	1,050,000	864,017	(185,983)
Property tax liens	8,900	8,900	11,772	2,872
Suspense collections	14,400	14,400	53,198	38,798
Motor vehicle tax	14,217,308	14,217,308	13,570,041	(647,267)
Total property taxes	\$ 200,630,854	200,630,854	199,707,498	(923,356)
Intergovernmental:				
PILOT - State owned property	\$ 662,757	662,757	662,757	-
Disability exemption	9,707	9,707	10,150	443
PILOT - colleges and hospitals	2,359,751	2,359,751	2,359,751	-
Telecommunication access	99,093	99,093	102,953	3,860
PILOT - veterans exemption	120,983	120,983	127,277	6,294
Town road aid	672,478	672,478	671,515	(963)
Municipal stabilization	1,646,236	1,646,236	1,646,236	-
Mashantucket Pequot fund	725,946	725,946	725,946	-
Adult education	264,455	264,455	290,809	26,354
Magnet schools	15,600	15,600	13,000	(2,600)
Nonpublic School health	112,530	112,530	116,616	4,086
Education cost sharing grant	22,937,247	22,937,247	23,041,723	104,476
PILOT - Greater New Haven WPCA	73,300	73,300	73,300	-
PILOT - Water Authority	1,189,014	1,189,014	1,291,158	102,144
Miscellaneous grants	8,460	8,460	6,876	(1,584)
MRSA municipal projects	286,689	286,689	286,689	-
Municipal transition grant MV	945,574	945,574	945,574	-
State /Fed COVID Reimbursement	6,000,000	6,000,000	5,915,539	(84,461)
Total intergovernmental	\$ 38,129,820	38,129,820	38,287,869	158,049
Charges for services:				
Other rents	\$ 7,000	7,000	1,650	(5,350)
Police extra duty	2,250,000	2,250,000	2,544,446	294,446
Police extra duty vehicle	110,000	110,000	60,438	(49,562)
Assessor fees	2,300	2,300	-	(2,300)
Elderly services charges	1,000	1,000	-	(1,000)
Paramedic assistance	150,000	151,500	162,837	11,337
Code enforcement	18,000	18,000	22,536	4,536
QU EMT	45,000	45,000	17,662	(27,338)
Youth services charges	2,500	2,500	-	(2,500)
Public works charges	40,050	40,050	45,185	5,135
Library charges	16,000	16,000	-	(16,000)
Arts and recreation	149,600	149,600	69,692	(79,908)
Parks and recreation	50,000	50,000	-	(50,000)
Planning and zoning	185,820	185,820	133,670	(52,150)
Total charges for services	\$ 3,027,270	3,028,770	3,058,116	29,346

(Continued)

SCHEDULE OF GENERAL FUND REVENUES AND OTHER FINANCING SOURCES

BUDGETARY BASIS - BUDGET AND ACTUAL

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Investment earnings	\$ 560,000	560,000	48,313	(511,687)
Licenses, permits and fees:				
Town Clerk	\$ 2,026,000	2,276,000	2,893,628	617,628
Police department	100,250	100,250	150,208	49,958
Public works department	185,000	185,000	38,740	(146,260)
Fire department	65,000	65,000	51,585	(13,415)
Building	1,555,000	1,555,000	941,461	(613,539)
Engineering	40,275	40,275	32,860	(7,415)
Personnel	1,800	1,800	900	(900)
Total licenses, permits and fees	\$ 3,973,325	4,223,325	4,109,382	(113,943)
Miscellaneous revenues:				
BOE medical	\$ 200,000	200,000	676,671	476,671
Term life revenue	25,000	25,000	25,473	473
Miscellaneous - BOE reimbursement	700,000	700,000	177,160	(522,840)
School bus enforcement	21,000	21,000	(2,459)	(23,459)
Quinnipiac University	500,000	500,000	-	(500,000)
Town project reimbursements	775,000	775,000	-	(775,000)
Animal control	1,500	1,500	1,195	(305)
Miscellaneous - finance office	384,910	384,910	55,618	(329,292)
Total miscellaneous revenues	\$ 2,607,410	2,607,410	933,658	(1,673,752)
Other financing sources:				
Bond premium	\$ -	-	2,862,734	2,862,734
Total financing sources	\$ -	-	2,862,734	2,862,734
Total revenues and other financing sources	\$ 248,928,679	249,180,179	249,007,570	(172,609)

**GENERAL FUND EXPENDITURES, ENCUMBRANCES AND OTHER FINANCING USES -
BUDGETARY BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
General government:				
Legislative Council	\$ 1,948,551	1,527,032	1,383,369	143,663
Mayor	227,114	477,114	461,724	15,390
Elections and registrar	231,611	231,611	204,377	27,234
Finance	2,212,630	2,207,835	2,031,838	175,997
Tax Assessor	307,261	306,521	254,433	52,088
Review of assessments	3,600	3,600	3,600	-
Tax Collector	293,906	295,906	281,720	14,186
Town Attorney	636,330	646,330	580,942	65,388
Town Clerk	944,271	1,194,271	1,163,265	31,006
Planning and zoning	523,864	523,864	482,114	41,750
Personnel	371,150	371,150	355,387	15,763
Economic development	245,152	275,152	202,768	72,384
Purchasing	3,998,885	4,093,517	3,806,260	287,257
Probate Court	6,101	6,101	4,920	1,181
Board of Ethics	5,000	5,000		5,000
Information technology	248,461	248,661	217,049	31,612
Total general government	\$ 12,203,887	12,413,665	11,433,766	979,899
Public safety:				
Animal control	\$ 224,665	224,665	148,003	76,662
Police department	17,043,714	16,778,948	16,416,404	362,544
Fire department	13,745,154	13,660,374	13,553,792	106,582
Total public safety	\$ 31,013,533	30,663,987	30,118,199	545,788
Public works:				
Building administration	\$ 506,001	390,254	328,884	61,370
Public works department	11,091,414	11,833,634	11,384,333	449,301
Engineering	521,458	521,458	452,350	69,108
Traffic / transportation	243,396	249,094	241,906	7,188
Total public works	\$ 12,362,269	12,994,440	12,407,473	586,967
Health and welfare:				
Elderly services	\$ 500,595	544,463	408,306	136,157
Community and youth services	643,846	648,175	587,591	60,584
Youth services	266,603	262,274	258,598	
Mental health	190,000	190,000	190,000	-
Quinnipiac Valley health	390,016	390,016	390,016	-
Visiting nurses association	43,868	-		-
Total health and welfare	\$ 2,034,928	2,034,928	1,834,511	196,741
Board of Education	\$ 89,644,925	89,644,925	89,391,922	253,003

(Continued)

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts - Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Culture and recreation:				
Library	\$ 2,147,542	2,147,542	2,087,543	59,999
Arts programs	188,000	188,000	109,499	78,501
Recreation	591,250	591,253	499,822	91,431
Total culture and recreation	\$ 2,926,792	2,926,795	2,696,864	229,931
Employee benefits:				
Medical insurance	\$ 45,977,500	42,138,011	42,129,000	9,011
Pension	27,850,000	28,494,873	28,494,872	1
Fringes	2,440,000	4,940,000	4,744,345	195,655
Total employee benefits	\$ 76,267,500	75,572,884	75,368,217	204,667
Debt service:				
Principal	\$ 8,360,000	8,360,000	2,690,000	5,670,000
Interest	13,858,845	13,858,845	13,297,382	561,463
Capital	256,000	256,000	194,261	61,739
Total debt service	\$ 22,474,845	22,474,845	16,181,643	6,293,202
Total expenditures and other financing uses	\$ 248,928,679	248,726,469	239,432,595	9,290,198

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue		
	Human Services	Culture and Recreation	Public Safety
Assets:			
Cash and cash equivalents	\$		2,408
Receivables, net			
Due from other funds	38,947	15,490	805,392
Inventory			
Total assets	<u>\$ 38,947</u>	<u>15,490</u>	<u>807,800</u>
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable and accrued liabilities	\$ 6,632		391,084
Payments in advance			
Due to other funds	77,743	9,446	20,363
BANS payable			
Total liabilities	<u>\$ 84,375</u>	<u>9,446</u>	<u>411,447</u>
Fund balances (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Committed			
Assigned		6,044	396,353
Unassigned	(45,428)		
Total fund balances (deficits)	<u>\$ (45,428)</u>	<u>6,044</u>	<u>396,353</u>
Total liabilities and fund balances (deficits)	<u>\$ 38,947</u>	<u>15,490</u>	<u>807,800</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>
	8,620	115,490		2,443,976	2,570,494
				187,270	187,270
175,362		7,117			1,042,308
				21,207	21,207
<u>175,362</u>	<u>8,620</u>	<u>122,607</u>	<u>-</u>	<u>2,652,453</u>	<u>3,821,279</u>
6,688	1,808			550,630	956,842
				1,159,598	1,159,598
522,479	60,042	4,859	1,071,890	267,406	2,034,228
					-
<u>529,167</u>	<u>61,850</u>	<u>4,859</u>	<u>1,071,890</u>	<u>1,977,634</u>	<u>4,150,668</u>
				21,207	21,207
					-
		117,748		653,612	1,173,757
<u>(353,805)</u>	<u>(53,230)</u>		<u>(1,071,890)</u>		<u>(1,524,353)</u>
<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>175,362</u>	<u>8,620</u>	<u>122,607</u>	<u>-</u>	<u>2,652,453</u>	<u>3,821,279</u>

(Continued)

TOWN OF HAMDEN, CONNECTICUT

COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS, (Continued)
June 30, 2021

	Capital Projects		
	Brooksville Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School	Other Capital Projects
Assets:			
Cash and cash equivalents	\$	11,984	791
Receivables, net			
Due from other funds	63,888		260,188
Inventory			
Total assets	\$ 63,888	11,984	260,979
Liabilities and Fund Balances (Deficits)			
Liabilities:			
Accounts payable and accrued liabilities	\$		2,938
Payments in advance			
Due to other funds		1,129,558	318,403
BANS payable			
Total liabilities	\$ -	1,129,558	321,341
Fund balances (deficits):			
Nonspendable	\$		
Restricted for:			
Donor's intentions			
Committed			
Assigned	63,888		
Unassigned		(1,117,574)	(60,362)
Total fund balances (deficits)	\$ 63,888	(1,117,574)	(60,362)
Total liabilities and fund balances (deficits)	\$ 63,888	11,984	260,979

SCHEDULE 3
Page 2 of 2

Total Capital Projects	Public Emergency Account	Permanent Funds	Total Nonmajor Governmental Funds
12,775		11,337	2,594,606
-			187,270
324,076	275,330		1,641,714
-			21,207
<u>336,851</u>	<u>275,330</u>	<u>11,337</u>	<u>4,444,797</u>
2,938	28,409		988,189
-			1,159,598
1,447,961	1,750,945	100	5,233,234
-			-
<u>1,450,899</u>	<u>1,779,354</u>	<u>100</u>	<u>7,381,021</u>
-			21,207
-		10,500	10,500
-		737	737
63,888			1,237,645
(1,177,936)	(1,504,024)		(4,206,313)
<u>(1,114,048)</u>	<u>(1,504,024)</u>	<u>11,237</u>	<u>(2,936,224)</u>
<u>336,851</u>	<u>275,330</u>	<u>11,337</u>	<u>4,444,797</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, 2021

	Special Revenue		
	Human Services	Culture and Recreation	Public Safety
Revenues:			
Intergovernmental	\$ 764,444		420,470
Charges for services	15,000		
Investment income			47
Other			14,134
Total revenues	\$ 779,444	-	434,651
Expenditures:			
Public safety			\$ 435,746
Public works			
Health and human services			
Culture and recreation			
Education	60,139		
Other			
Total expenditures	\$ 60,139	-	435,746
Revenue over (under) expenditures	\$ 719,305	-	(1,095)
Other financing sources:			
Bond proceeds			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ 719,305	-	(1,095)
Fund balances (deficits) - beginning	(764,733)	6,044	397,448
Fund balances (deficits) - ending	\$ (45,428)	6,044	396,353

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>
201,521	296,873			18,643,947	20,327,255
500		300	315,119	190,291	521,210
		103		239	389
60,831					74,965
<u>262,852</u>	<u>296,873</u>	<u>403</u>	<u>315,119</u>	<u>18,834,477</u>	<u>20,923,819</u>
					435,746
333,378					333,378
			596,196		-
	300,317			18,815,138	596,196
		28,709			19,175,594
					28,709
<u>333,378</u>	<u>300,317</u>	<u>28,709</u>	<u>596,196</u>	<u>18,815,138</u>	<u>20,569,623</u>
<u>(70,526)</u>	<u>(3,444)</u>	<u>(28,306)</u>	<u>(281,077)</u>	<u>19,339</u>	<u>354,196</u>
					-
-	-	-	-	-	-
(70,526)	(3,444)	(28,306)	(281,077)	19,339	354,196
<u>(283,279)</u>	<u>(49,786)</u>	<u>146,054</u>	<u>(790,813)</u>	<u>655,480</u>	<u>(683,585)</u>
<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>

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, 2021

	Capital Projects		
	Brooksville Park Renovation and Acquisition Grant	Wintergreen Interdistrict Magnet School	Other Capital Projects
Revenues:			
Intergovernmental	\$		298,560
Charges for services			3,597
Investment income			
Other			
Total revenues	\$ -	-	302,157
Expenditures:			
Public safety	\$		
Public works			
Health and human services			
Culture and recreation			
Education			
Other			128,929
Total expenditures	\$ -	-	128,929
Revenue over (under) expenditures	\$ -	-	173,228
Other financing sources:			
Bond insurance			
Transfers in	\$		
Transfers (out)			
Total other financing sources	\$ -	-	-
Changes in fund balances (deficits)	\$ -	-	173,228
Fund balances (deficits) - beginning	63,888	(1,117,574)	(233,590)
Fund balances (deficits) - ending	\$ 63,888	(1,117,574)	(60,362)

SCHEDULE 4
Page 2 of 2

<u>Total Capital Projects</u>	<u>Public Emergency Account</u>	<u>Permanent Funds Account</u>	<u>Total Nonmajor Governmental Funds</u>
298,560			20,625,815
3,597	100		524,907
-			389
-	109,076		184,041
<u>302,157</u>	<u>109,176</u>	<u>-</u>	<u>21,335,152</u>
-			435,746
-			333,378
-			-
-			596,196
-	752,019		19,927,613
<u>128,929</u>		<u>90</u>	<u>157,728</u>
<u>128,929</u>	<u>752,019</u>	<u>90</u>	<u>21,450,661</u>
<u>173,228</u>	<u>(642,843)</u>	<u>(90)</u>	<u>(115,509)</u>
-			-
-			-
-			-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
173,228	(642,843)	(90)	(115,509)
<u>(1,287,276)</u>	<u>(861,181)</u>	<u>11,327</u>	<u>(2,820,715)</u>
<u>(1,114,048)</u>	<u>(1,504,024)</u>	<u>11,237</u>	<u>(2,936,224)</u>

COMBINING STATEMENT OF NET FUND POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
June 30, 2021

	Workers' Compensation Fund	Medical Insurance Fund	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 74,433	66,021	140,454
Total assets	<u>\$ 74,433</u>	<u>66,021</u>	<u>140,454</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 122,492		122,492
Due to other funds	1,237,812	1,684,391	2,922,203
Total current liabilities	<u>\$ 1,360,304</u>	<u>1,684,391</u>	<u>3,044,695</u>
Noncurrent liabilities:			
Claims incurred but not reported	\$ 7,307,236	1,520,327	8,827,563
Total liabilities	<u>\$ 8,667,540</u>	<u>3,204,718</u>	<u>11,872,258</u>
Net position:			
Unrestricted	\$ (8,593,107)	(3,138,697)	(11,731,804)
Total net position (deficit)	<u>\$ (8,593,107)</u>	<u>(3,138,697)</u>	<u>(11,731,804)</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET FUND POSITION (DEFICIT)
INTERNAL SERVICE FUNDS
June 30, 2021

	Workers' Compensation Fund	Medical Insurance Fund	Total
Operating revenues:			
Employer contribution	\$ 2,533,322	20,577,115	23,110,437
Employee contribution		3,565,263	3,565,263
Total operating revenues	\$ 2,533,322	24,142,378	26,675,700
Operating expenses:			
Salaries, benefits and claims	\$ 2,401,730	24,268,713	26,670,443
Total operating expenses	\$ 2,401,730	24,268,713	26,670,443
Changes in fund net position	\$ 131,592	(126,335)	5,257
Fund net position (deficit), beginning	(8,724,699)	(3,012,362)	(11,737,061)
Fund net position (deficit), ending	\$ (8,593,107)	(3,138,697)	(11,731,804)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
June 30, 2021

	Workers' Compensation Fund	Medical Insurance Fund	Total
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,533,322	24,142,378	26,675,700
Payments for benefits	(2,175,279)	(24,181,910)	(26,357,189)
Internal activity - payments from (to) other funds	(534,177)	105,553	(428,624)
Net cash (used in) provided by operating activities	<u>\$ (176,134)</u>	<u>66,021</u>	<u>(110,113)</u>
Net increase (decrease) in cash and cash equivalents	\$ (176,134)	66,021	(110,113)
Cash and cash equivalents, beginning	<u>250,567</u>	<u>-</u>	<u>250,567</u>
Cash and cash equivalents, ending	<u><u>\$ 74,433</u></u>	<u><u>66,021</u></u>	<u><u>140,454</u></u>
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Change in net fund position	\$ 131,592	(126,335)	5,257
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	(534,177)	105,553	(428,624)
(Decrease) increase in accounts payable and accrued expenses	(300,126)	(46,851)	(346,977)
(Decrease) increase in claims payable	<u>526,577</u>	<u>133,654</u>	<u>660,231</u>
Net increase (decrease) in cash and cash equivalents	<u><u>\$ (176,134)</u></u>	<u><u>66,021</u></u>	<u><u>(110,113)</u></u>

COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS
June 30, 2021

	Library Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	Total
Assets:				
Cash and cash equivalents	\$ 303,626	133,743	16,090	453,459
External balances	<u>4,013</u>		<u>240,747</u>	<u>244,760</u>
Total assets	<u>\$ 307,639</u>	<u>133,743</u>	<u>256,837</u>	<u>698,219</u>
Liabilities:				
Accounts payable	\$		29,991	29,991
External balances				-
Total liabilities	<u>\$ -</u>	<u>-</u>	<u>29,991</u>	<u>29,991</u>
Net position:				
Held in trust for specific purposes	<u>\$ 307,639</u>	<u>133,743</u>	<u>226,846</u>	<u>668,228</u>

COMBINING STATEMENT OF CHANGES IN NET POSITION

PRIVATE PURPOSE TRUST FUNDS

June 30, 2021

	Library Fund	Hamden Arts Commission	Other Private Purpose Trust Funds	Total
Additions:				
Other	\$ 94,197	2,500	179,799	276,496
Total additions	<u>\$ 94,197</u>	<u>2,500</u>	<u>179,799</u>	<u>276,496</u>
Investment earnings:				
Net increase in fair value	\$			-
Interest and dividends	1,561	113	132	1,806
Less: investment expense				-
Total investment earnings	<u>\$ 1,561</u>	<u>113</u>	<u>132</u>	<u>1,806</u>
Deductions:				
Benefits	\$			-
Other	120,083	4,181	173,901	298,165
Total deductions	<u>\$ 120,083</u>	<u>4,181</u>	<u>173,901</u>	<u>298,165</u>
Change in net position	\$ (24,325)	(1,568)	6,030	(19,863)
Net position - beginning	<u>331,964</u>	<u>135,311</u>	<u>220,816</u>	<u>688,091</u>
Net position - ending	<u><u>\$ 307,639</u></u>	<u><u>133,743</u></u>	<u><u>226,846</u></u>	<u><u>668,228</u></u>

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 June 30, 2021

	School Activity Funds	Adult Activity Funds	Performance Bonds	Total
Assets:				
Cash and cash equivalents	\$ 601,944		586,021	1,187,965
External balances		10,148	77,450	87,598
Total assets	\$ 601,944	10,148	663,471	1,275,563
Liabilities:				
Held for deposits for others	\$ 601,944	10,148	663,471	1,275,563
Total liabilities	\$ 601,944	10,148	663,471	1,275,563
Net position	\$ -	-	-	-

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For the Year ended June 30, 2021

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
School Activity Fund:				
Assets:				
Cash and cash equivalents	\$ 555,863	614,156	568,075	601,944
	-	77,450		77,450
Total assets	<u>555,863</u>	<u>691,606</u>	<u>568,075</u>	<u>679,394</u>
Liabilities:				
Deposits held for others	\$ <u>555,863</u>	<u>691,606</u>	<u>568,075</u>	<u>679,394</u>
Adult Activity Fund:				
Assets:				
Cash and cash equivalents	\$ <u>10,148</u>		-	<u>10,148</u>
Liabilities:				
Deposits held for others	\$ <u>23,512</u>		-	<u>23,512</u>
Performance Bonds:				
Assets:				
Cash and cash equivalents	\$ 606,740			606,740
External balances	77,450			77,450
Total assets	<u>\$ 684,190</u>	<u>-</u>	<u>-</u>	<u>684,190</u>
Liabilities:				
Deposits held for others	\$ <u>684,190</u>	<u>-</u>		<u>684,190</u>
Total Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 1,172,751	614,156	568,075	1,218,832
External balances	633,313	691,606	568,075	756,844
Total assets	<u>\$ 1,806,064</u>	<u>1,305,762</u>	<u>1,136,150</u>	<u>1,975,676</u>
Liabilities:				
Deposits held for others	\$ <u>1,263,565</u>	<u>691,606</u>	<u>568,075</u>	<u>1,387,096</u>

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TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
For the Year Ended June 30, 2021

Grand List Year	Uncollected Balance & New Levy July 1, 2019	Lawful Corrections		Transfers to (Recoveries From) Suspense	Balance to be Collected
		Increases	Decreases		
2004	\$ 42,632		(42,632)		-
2005	58,301			545	58,846
2006	71,846			1,880	73,726
2007	74,800			2,436	77,236
2008	162,622			(70,785)	91,837
2009	180,308			(84,044)	96,264
2010	338,066	1	(1)	(193,427)	144,639
2011	409,041			(269,074)	139,967
2012	483,900		(1,499)	(322,101)	160,300
2013	521,527	2	(5,132)	(318,393)	198,004
2014	605,266		(6,025)	(362,317)	236,924
2015	703,218	404	(5,645)	(388,497)	309,480
2016	876,266	112,569	(20,061)		968,774
2017	1,436,209	144,359	(56,604)		1,523,964
2018	3,350,845	158,825	(118,905)		3,390,765
Total	\$ 9,314,847	416,160	(256,504)	(2,003,777)	7,470,726
2019	198,317,014	2,480,942	(1,080,326)		199,717,630
Total	\$ 207,631,861	2,897,102	(1,336,830)	(2,003,777)	207,188,356

SCHEDULE 12

Collections				Uncollected
Taxes	Interest	Lien Fees	Total	Balance June 30, 2020
			-	-
545	1,458		2,003	58,301
1,880	4,860		6,740	71,846
2,436	5,428		7,864	74,800
3,075	6,214		9,289	88,762
2,824	4,791	24	7,639	93,440
7,666	13,160	24	20,850	136,973
12,708	18,999	24	31,731	127,259
16,842	24,309	24	41,175	143,458
15,947	18,634	156	34,737	182,057
19,635	19,722	48	39,405	217,289
49,685	30,035	168	79,888	259,795
191,810	112,290	408	304,508	776,964
487,528	187,441	1,679	676,648	1,036,436
1,790,923	350,698	4,930	2,146,551	1,599,842
2,603,504	798,039	7,485	3,409,028	4,867,222
195,856,859	496,508	3,390	196,356,757	3,860,771
198,460,363	1,294,547	10,875	199,765,785	8,727,993

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF DEBT LIMITATION
For the Year Ended June 30, 2021

	Base	
	<u>General Purpose</u>	<u>Schools</u>
Debt limitation:		
2 1/4 times base	\$ 427,498,780	
4 1/2 times base		898,946,033
3 3/4 times base		
3 1/4 times base		
3 times base		
7 times base		
	<u> </u>	<u> </u>
Total debt limitation	\$ <u>427,498,780</u>	<u>898,946,033</u>
Indebtedness:		
Bonds payable	\$ 141,884,500	54,715,500
Bonds authorized and unissued	<u>15,405,000</u>	<u>3,915,000</u>
Total indebtedness	\$ 157,289,500	58,630,500
Less: School construction grants receivable	<u>-</u>	<u>-</u>
Total indebtedness of the City	\$ <u>157,289,500</u>	<u>58,630,500</u>
Debt limitation in excess of outstanding and authorized debt	\$ <u><u>270,209,280</u></u>	<u><u>840,315,533</u></u>

Total tax collections (including interest and lien fees)
for the year ended June 30, 2021 \$ 199,765,785

Reimbursement for revenue loss on:
Elderly Tax Relief - Freeze -
\$ 199,765,785

<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Bonding</u>	<u>Total Debt</u>
749,121,694	649,238,801	599,297,355	1,398,360,495
<u>749,121,694</u>	<u>649,238,801</u>	<u>599,297,355</u>	<u>1,398,360,495</u>
-	-	111,375,000	307,975,000
-	-	-	<u>19,320,000</u>
-	-	111,375,000	327,295,000
-	-	-	-
-	-	<u>111,375,000</u>	<u>327,295,000</u>
<u>749,121,694</u>	<u>649,238,801</u>	<u>487,922,355</u>	<u>1,071,065,495</u>

TOWN OF HAMDEN, CONNECTICUT

FEDERAL AND STATE
SINGLE AUDIT REPORTS

June 30, 2021

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	9-10
Summary Schedule of Prior Years Audit Findings	11
<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	12-14
Schedule of Expenditures of State Financial Assistance	15-16
Notes to the Schedule of Expenditures of State Financial Assistance	17
Schedule of Findings and Questioned Costs	18-19

CLERMONT

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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, 2021, 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 February 25, 2022

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We considered the deficiency described in the schedule of findings and questioned costs as item 21-1 to be a significant deficiency.

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

Prospect, Connecticut

February 25, 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 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Hamden, Connecticut's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Hamden, Connecticut's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 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 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, 2021, 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 February 25, 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
Prospect, Connecticut

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

February 25, 2022

TOWN OF HAMDEN, CONNECTICUT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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 - Cares Act	12060-SDE64370-20508	10.553	\$ 71,992	
National School Lunch Program - Cares Act	12060-SDE64370-20560	10.555	115,278	
Summer Food Service Program	12060-SDE64370-20319	10.559	1,304,574	
Summer Food Service Program - Cares Act	12060-SDE64370-20319	10.559	247,358	
Fresh Fruits and Vegetables Program	12060-SDE64370-22051	10.582	6,993	
Total U.S. Department of Agriculture			\$ 1,746,195	-
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 2020	12060-SDE64370-20977	84.027	\$ 72,342	
IDEA-Part B, Section 611 Grants to State 2021	12060-SDE64370-20977	84.027	1,257,920	
IDEA-Part B, Section 619 Preschool Grants 2020	12060-SDE64370-20983	84.173	43,889	
IDEA-Part B, Section 619 Preschool Grants 2021	12060-SDE64370-20983	84.173	1,643	
Title I - Grants to Local Education Agencies 2020	12060-SDE64370-20679	84.010	164,103	
Title I - Grants to Local Education Agencies 2021	12060-SDE64370-20679	84.010	1,073,254	
Title II Improvements to Teachers Quality 2020	12060-SDE64370-20858	84.367	2,109	
Title II Improvements to Teachers Quality 2021	12060-SDE64370-20858	84.367	115,156	
Adult Basic Education 2021	12060-SDE64370-20784	84.002	38,000	
Adult Basic Education 2021	12060-SDE64370-20784	84.002	90,000	
Title III - Part A - English Language Acq. 2020	12060-SDE64370-20868	84.365	30,555	
Title III - Part A - English Language Acq. 2020	12060-SDE64370-20868	84.365	5,576	
Title III - Part A - English Language Acq. 2021	12060-SDE64370-20868	84.365	29,490	
Title III - Part A - English Language Acq. 2021	12060-SDE64370-20868	84.365	514	
Student Support and Enrichment 2020	12060-SDE64370-22854	84.424	2,527	
Student Support and Enrichment 2021	12060-SDE64370-22854	84.424	43,766	
Elementary and Secondary School Emerge. Relief I	12060-SDE4370-29571	84.425D	527,111	
Elementary and Secondary School Emerge. Relief II	12060-SDE4370-29571	84.425D	806,415	
Career and Technical Education 2020	12060-SDE64370-20742	84.048	17,527	
Career and Technical Education 2021	12060-SDE64370-20742	84.048	82,032	
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	1,109,747	
<i>Passed Through the State of Connecticut Office of Policy and Management:</i>				
American Rescue Plan Act - Local Fiscal Recovery Funds	12060-OPM20600-29669	21.027	5,881,147	
CARES Act Title 5 Funds	12060-OPM20600-29561	21.019	753,523	
<i>Passed Through the State of Connecticut Department of Labor:</i>				
CARES Act Title 5 Funds	12060-DOL40000-29561	21.019	6,917	
<i>Passed Through the State Libraries:</i>				
CARES Act Title 5 Funds	12060-CLS66011-29642	21.019	64,713	
<i>Passed Through the State of Connecticut Office of Early Childhood Development</i>				
CARES Act Title 5 Funds	12060-OEC-29642	21.019	16,250	
Total U.S. Department of the Treasury			\$ 7,832,297	-
U.S. Department of Housing and Urban Development:				
<i>Direct Funding:</i>				
Community Development Block Grant/Entitlement Grants	-	14.218	\$ 396,147	

See Notes to Schedule.

(continued)

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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>Department of Aging and Disability Services:</i>				
Title III Supportive Services	12060-SDR63901-29556	93.044	\$ 2,370	
<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	29,500	
Childcare and Development Block Grant - CARES Act	12060-OEC64845-29628	93.575	13,200	
American Rescue Plan Act - Child Care Stabilization Funds	12060-OEC64806-29647	93.575	73,786	
<i>Passed Through the State of Connecticut</i>				
<i>Secretary of the State</i>				
Help America Vote Act	12060-SOS12500-21465	93.618	48,481	
Total U.S. Department of Health and Human Services			\$ 167,337	-
U.S. Department of Transportation:				
<i>Passed Through the State of Connecticut</i>				
<i>Department of Transportation:</i>				
Highway Planning and Construction	12062-DOT57161-22108	20.205	\$ 483,147	
<i>Passed Through the State of Connecticut</i>				
<i>Department of Public Safety:</i>				
Federal Highway Safety	12062-DOT57513-20559	20.616	36,913	
Total U.S. Department of Transportation			\$ 520,060	-
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	\$ 760,029	
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	\$ 30,711	
State Homeland Security	12060-DPS32160-27550	97.067	3,000	
Total U.S. Department of Homeland Security			\$ 33,711	
U.S. Endowment for the Arts				
<i>Passed Through the Connecticut State Library</i>				
American Rescue Plan Act - National Leadership Grants	12060-CSL66011-29642	45.312	\$ 3,000	
Total Federal Awards			\$ 11,425,065	-

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended June 30, 2021

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, 2021. 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, 2021**

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? x yes _____ 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? _____ 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 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>
84.010	Title I - Grants to Local Education Agencies
84.027 & 84.173	Special Education Cluster
21.027	Local Fiscal Recovery Fund
84.425D	Elementary and Secondary School Emerg. Relief
21.019	Cares Act Title 5 Relief Funds

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, 2021

II. FINANCIAL STATEMENT FINDINGS

21-01 Pension Ongoing Monitoring and Administration

Condition – The operations of the Employee Retirement Plan do not follow the policies and procedures of the Town of Hamden. Procedures such as maintaining a general ledger, reconciling accounts and monitoring procedures were not being performed during the fiscal year. There is a similar internal control weakness in the Other Post Employee Benefits (OPEB) program.

Criteria – The Town of Hamden is required to accurately administer the employer's retirement fund, which includes proper controls to ensure if any, are found and corrected in a timely manner. The Employee Retirement Plan agreement states the Town's finance department will maintain the financial records of the fund.

Cause – The Finance Department has had significant turnover in key personnel during the past several years. Included in this period was the loss of a senior account, retirement of the assistant treasurer and three different Finance Directors.

Context – The Employee Retirement Plan is maintained by the Town but operates separately from the government activities. Several departments of the Town are utilized for plan operations including the Departments of personnel and finance. In the past, the financial duties were partially outsourced to a local accounting firm but, do to a lapse in communication, have since stopped providing these services.

This is similar to finding 2020-02 reported during the previous audit, in which the cost of living adjustment (COLA) was not being properly calculated. The Town developed additional procedures to correct this issue.

Effect – The Town incurred the following:

- Unable to complete an actuarial valuation of the OPEB programs in preparation of the June 30, 2021 audited financial statements. A formal evaluation has not been completed in the past 24 months prior to the fiscal year end.
- In accordance with the State pension bond Statute, the Town is required have an annual valuation of the pension fund. Management feels these will be completed by March 31, 2022 for the June 30, 2021 fiscal year.
- During our audit, we noted a bank error where the Town's contribution to the OPEB fund of \$250,000 was found to be deposited in the pension investment fund.
- During the fiscal year, the pension paid for services in the amount of \$5,023, which were not received from the vendor.

Recommendation – The Town develop policies and procedures for the ongoing monitoring and administration of the Town's retirement. This would include adding the duties to a Town's official, the oversight and monitoring of Employee Retirement fund.

TOWN OF HAMDEN, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEARS AUDIT FINDINGS
June 30, 2021

No findings required to be reported.

CLERMONT

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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

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, 2021. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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, 2021.

Report on Internal Control over Compliance

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

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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, 2021, 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 February 25, 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

Prospect, Connecticut

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

February 25, 2022

TOWN OF HAMDEN, CONNECTICUT

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

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	\$ 25,354	
Adult Education	11000-SDE64370-17030	568,578	
Health Foods Initiative	11000-SDE64370-16212	48,193	
Family Resource Center	11000-SDE64370-16110	101,530	
State School Breakfast	11000-SDE64370-17046	27,156	
Non-Public Health Services	11000-SDE64370-17034	116,616	
Magnet School - Operating	11000-SDE64370-17057	13,000	
Low Performing School Improvement	12052-SDE64370-43728	170,906	
Early Childhood Bond Funds	12052-SDE64370-43540	64,656	
Talent Development	11000-SDE64370-12552	6,022	
Education Cost Sharing - Alliance District	11000-SDE64000-17041-82164	7,289,798	
Bilingual Education	11000-SDE64370-17042	7,922	
School-based Diversion Initiative	11000-SDE64370-12587	50,000	
Total Department of Education		\$ 8,489,731	-
Department of Family and Children Services:			
Youth Services Bureau	11000-SDE64370-17052	\$ 32,477	
Youth Services Bureau - Enhancement	11000-SDE64370-16201	12,967	
Total Department of Family and Children Services		\$ 45,444	-
Department of Transportation:			
Town Aid Road Grants - STO	13033-DOT57131-43459	\$ 335,757	
Town Aid Road Grants - Municipal	12052-DOT57131-43455	335,758	
Total Department of Transportation		\$ 671,515	-
Connecticut State Judicial Branch:			
Youth Service Prevention	11000-JUD96114-12559-087	\$ 15,000	
Office of Policy and Management:			
Municipal Special Purposes and Projects	12052-OPM20600-43587	\$ 286,689	
Local Capital Improvement Program	12050-OPM20600-40254	82,271	
Property Tax Relief for Veterans	11000-OPM20600-17024	127,277	
Property Tax Relief - Disabled	11000-OPM20600-17011	10,150	
Payment in Lieu of Taxes on State - Owned Prop.	11000-OPM20600-17004	662,757	
Payment in Lieu of Taxes on Private Colleges	11000-OPM20600-17006	2,359,751	
Total Office of Policy and Management		\$ 3,528,895	-
Connecticut State Library:			
Connecticard Payments	11000-CSL66051-17010	\$ 2,581	
Total Connecticut State Library		\$ 2,581	-
Office of Early Childhood:			
Early Childhood Program	11000-OEC64845-16274	\$ 843,318	843,318
Early Childhood Program	11000-OEC64841-16274	259,371	
School Readiness Quality Enhancement	11000-OEC64845-17097	3,881	
Total Office of Early Childhood		\$ 1,106,570	843,318

See Notes to Schedule.

(continued)

TOWN OF HAMDEN, CONNECTICUT

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

State Grantor/Pass-Through Grantor/Program Title	State Core-CT Identification Number	Expenditures	Passed Through
Department of Environmental Protection:			
Connecticut Bikeways	12052-DEP43930-35169	\$ 36,908	
Total Department of Environmental Protection		<u>\$ 36,908</u>	<u>-</u>
Department of Public Safety:			
State 911 Enhancement	12060-DPS32741-35190	\$ 184,828	
Total Department of Public Safety		<u>\$ 184,828</u>	<u>-</u>
Total State Financial Assistance Before Exempt Programs		<u>\$ 14,066,472</u>	<u>843,318</u>
<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		<u>\$ 3,317,756</u>	<u>-</u>
Department of Education:			
Education Cost - Sharing	11000-SDE64000-17041	\$ 23,041,723	
Excess Cost - Student Based	11000-SDE64000-17047	2,267,866	
School Construction	12060-DAS2765-43651	1,080,000	
Total Department of Education		<u>\$ 26,389,589</u>	<u>-</u>
Total Exempt Programs		<u>\$ 29,707,345</u>	<u>-</u>
Total State Financial Assistance		<u><u>\$ 43,773,817</u></u>	<u><u>843,318</u></u>

See Notes to Schedule.

TOWN OF HAMDEN, CONNECTICUT

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

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, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. 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 expenditures 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, 2021**

I. SUMMARY OF AUDIT RESULTS

Financial Statements

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

Internal Control Over Financial Reporting:

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

Noncompliance material to financial statements
noted?

☐ yes ☒ no

State Financial Assistance

Internal Control Over Major Programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified? ☐ 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 Section 4-236-24 of
the Regulations to the State Single Audit Act?

☐ yes ☒ no

TOWN OF HAMDEN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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		
Adult Education	11000-SDE64370-17030	\$ 568,578
Education Cost Sharing - Alliance District	11000-SDE64000-17041-82164	7,289,798
Office of Early Childhood:		
School Readiness in Competitive Municipalities	11000-OEC64845-16274	843,318
Office of Policy and Management		
Local Area Capital Improvement Program	12050-OPM20600-40254	298,560

Dollar threshold used to distinguish type A and type B programs: \$ 280,000

II. FINANCIAL STATEMENTS FINDINGS

- We issued reports, dated February 25, 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.



**STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF FINANCE**

FY 2020-2021 MUNICIPAL AUDIT QUESTIONNAIRE

- ❖ This Questionnaire is required to be submitted to OPM with the audit reports of municipalities and audited agencies (as defined under Section 7-391 of the Connecticut General Statutes).

Name of Auditee Town of Hamden, Connecticut

Fiscal Period under Audit June 30, 2021

Clermont & Associates, LLC

(Audit Firm Name)

[Signature]

(Signature)

2/25/2022

(Date)

This Questionnaire was reviewed with and a copy given to:

Curtis Eatman

Name of Municipal Official

on

2/28/2022

Date

Finance Director

Title of Municipal Official

(203) 287-7010

Telephone

	<u>YES</u>	<u>NO</u>	<u>NA</u>
1. Did you inform the town, city or Borough clerk of that part of Section 7-394 of the General Statutes which provides that within one week after receiving the audit report he/she shall cause to be published a legal notice in a newspaper having a substantial circulation in the municipality that the report is on file in said clerk's office?	<u>X</u>	<u> </u>	<u> </u>
2. Did you obtain a letter from municipal counsel with respect to unpaid or pending judgments and as to any other legal proceeding affecting the municipality's finances?	<u>X</u>	<u> </u>	<u> </u>
3. Were financial statements and/or books and records of the entity made available within a reasonable time after the close of the fiscal year?	<u> </u>	<u>X</u>	<u> </u>
4. Did the entity issue tax anticipation notes (TANs) during the fiscal year?	<u> </u>	<u>X</u>	<u> </u>
(If yes, the notes to the financial statements should provide details regarding such TANs, including the purpose for which the TANs were issued.)			
5. Was a separate management letter issued in addition to the Internal Control Report? If so, it must be submitted to the Office of Policy and Management with the audit report.	<u>X</u>	<u> </u>	<u> </u>
6. Were municipal officials (including the chief elected or executive official and governing body of the municipal entity) made aware of findings and recommendations resulting from the audit?	<u>X</u>	<u> </u>	<u> </u>
7. Federal Single Audit Act as Amended, 1996; Uniform Guidance for Federal Awards (Title 2 of CFR, 12/26/13)			
(a) Did you conduct a Single Audit of Federal Financial Assistance expended by the entity for FY 2020-21?	<u>X</u>	<u> </u>	<u> </u>
(b) Is a copy of the Single Audit included in the reporting package submitted?	<u>X</u>	<u> </u>	<u> </u>
8. State Single Audit (SSA) Act as amended by P.A. 09-7; Regulations to the SSA Act as amended by P.A. 09-7			
(a) Did you conduct a Single Audit of state financial assistance expended by the entity for FY 2020-21 or a program-specific audit of the entity's sole state program?	<u>X</u>	<u> </u>	<u> </u>
(b) Is a copy of the State Single Audit or program-specific audit included in the reporting package submitted?	<u>X</u>	<u> </u>	<u> </u>

- | | <u>YES</u> | <u>NO</u> | <u>NA</u> |
|--|------------|-----------|-----------|
| (c) If applicable, did officials prepare a Corrective Action Plan (CAP) in sufficient time for inclusion in the audit report package [C.G.S. Sec.4-233(d)] to be filed with OPM as the cognizant state agency (hardcopy and electronic)? | _____ | <u>X</u> | _____ |
| (d) Did you upload the corrective action plan with the audit report package on OPM's Electronic Audit Reporting System? | _____ | <u>X</u> | _____ |

CLERMONT

ACCOUNTANTS • ADVISORS

Clermont & Associates, LLC
37 Waterbury Road
Prospect CT 06712

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Fax: 203-758-6758

clermontaccounting.com

February 22, 2022

To the Audit Committee
Town of Hamden, Connecticut

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, for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates significant to the financial statements.

The financial statement disclosures are neutral, consistent, and clear. There were no sensitive disclosures affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Significant audit adjustments that were corrected by management relate to the recording of accounts receivable.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 25, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

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

General Fund

In the past, we have reported that the Town has carried a significantly low fund balance for several years, which is making cash management difficult and costly. The Town has become dependent on the continual issuance of general obligation bonds which provides for additional resources from the premium sales of bonds as well as the refunding of current obligations due. It is not uncommon for a Town this size to have annual bonds sales, however the Town would have significant budget deficits in the general fund if the ability to issue general obligation bonds were lost or have difficulty in issuance. We recommend the Town continue to increase the general fund balance to a more stable level and develop an operating budget not dependent on the issuance of bonds. The June 30, 2021, activity increased the general fund balance to \$7.3 million or 2.9% of the current year appropriations.

We also recommended the cash received from general obligation bonds be reclassified to the capital projects fund from the general fund. The Town has historically maintained the G.O.B cash balances in the general fund for cash management purposes. We recommend these funds be reclassified to clarify the financial condition of the general fund. An audit adjustment was made to reclassify these funds.

The general fund budget variance in revenue was as follows:

<i>Budget line</i>	<i>2020 Budget Variance</i>	<i>2021 Budget Variance</i>	<i>Note on 2021</i>
<i>Property Taxes</i>	\$ (3,091,639)	\$ (923,356)	<i>Largest deficit in motor vehicle tax \$5,951,539 was recognized under federal support related to COVID</i>
<i>Intergovernmental</i>	502,250	158,049	
<i>Charges or services</i>	(998,133)	(29,346)	-
<i>Licenses and permits</i>	(1,541,116)	(113,943)	-
<i>Miscellaneous</i>	(2,672,055)	(1,673,753)	<i>College reimbursement and project reimbursement from the bond fund was not received.</i>

The 2021 general fund operating surplus was also funded through the restructuring of bond debt, which reduced the debt service expenditures by \$1,190,202.

The Town made two budget transfers during the year with line items not included in the operating budget or general fund. As stated below, the budget transfer provided for appropriations in an underfunded program. We recommend the Town approve budget transfers that only include budget line items in the general fund budget.

Capital Projects

Similar to June 30, 2020, the capital project funds did not transfer funds to, or reimburse, the general fund during the June 30, 2021, fiscal year. Historically, the Town recognized the following transactions in the general fund:

1. Reimburse the general fund for direct costs associated with a capital project
2. Reimburse the general fund for indirect costs associated with bond insurances
3. Receive unexpended bond proceeds from completed projects in which the debt was fully paid.

Education Grant Fund and Reimbursement in Fringe Benefits

The Board of Education reimburses the Town for employee benefits but there is not support on the actual cost of these expenses. Also, fringe benefits on the federal and state education grants are not being requested on most grants agreements. The Board of Education reimbursement for the June 30, 2021, and 2020 fiscal years were \$853,831 and \$1,201,880, respectively.

The Town has several school construction programs that have not been closed out after the completion of the projects. These projects, which have had no activity for over 10 years, carry potential receipts or liabilities. Although these projects have bond authorizations for any potential liabilities, the long standing inter-fund payables reduced the amount of cash available in the general fund. On June 30, 2021, the State of Connecticut passed an act to reduce the Town's liability in these programs. We recommend the Town fund the remaining program deficit.

Underfunded Programs

The following programs operate outside the general fund and are currently underfunded.

Insurance Risk – Tornado Fund: The Town separately recognized the costs associated with the 2018 tornado cleanup in an insurance risk fund. These costs were to be reimbursed by a Federal Emergency Management Assistance (FEMA) grant and an emergency assistance bond under C.G.S. Section 7-379. The statute regarding dire emergencies which allowed financing for the tornado expenses, requires bonds issued to pay temporary notes must be issued within two years from the date of the earliest temporary note to be paid in whole or in part with the proceeds. The FEMA funds were received, however the allowable period to bond the excess liabilities lapsed on August 23, 2020.

During the current fiscal year, through a budget transfer, the Town appropriated and expended \$453 thousand in this fund. The Town has not made a plan to fund this deficit.

Ice Rink – During the June 30, 2019 fiscal year, the Town separated the operations of the Louis Astorino Ice Rink (the "rink") from the general fund. During this two-year period, the program has incurred similar losses.

Through a management agreement dated, July 7, 2016, the Town grants the exclusive right to manage and operate the rink to a privately owned rink management company subject to the certain terms and conditions. Included in these terms is that the Town has the ability to oversee the finances of the rink through certain agreed accounting procedures including the Town being named second on the bank account, bank statements being sent directly to the Town, and providing the Town's Finance Director with an accounting of the previous months revenues. These accounting procedures have not been implemented which made it difficult to evaluate the rink's finances. The Town will need to evaluate and provide a future funding plan for these projects.

The current year fund operating deficit for Ice rink was \$281,077 compared to \$212,633 in the previous year. After reporting this in the June 30, 2020, audit, the Town's general fund began incurring a portion of the Ice Rink's liabilities.

Debt and Long-term Liabilities

A five-year history of the general obligation bonds net pension liability for the past five-year history is as follows:

Fiscal Year ended June 30,	In Thousands		
	Debt	Net Pension Liability	
2017	\$ 285,690	287,990	573,680
2018	299,190	293,144	592,334
2019	298,180	297,298	595,478
2020	294,205	298,338	592,543
2021*	307,975	270,656	578,631

Related annual payments are as follows:

Fiscal Year ended June 30,	In Thousands		
	Annual Debt Service	Annual Pension Contribution	
			Total
2017	\$ 20,325	14,747	35,072
2018	20,895	12,650	33,545
2019	16,400	15,926	32,326
2020	18,278	19,210	37,488
2021	15,987	23,600	39,587

* The pension investment return was 22% for this fiscal year

In accordance with the State's Pension Bond Statute, the Town is required to fund the pension at the actuarial required contribution. This should be considered when planning for a long-term debt reduction plan. We recommend the Town continue the plan to reduce the total debt of the Town.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles accepted in the United States of America. The method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee and management of the Town of Hamden, Connecticut, and is not intended to be and should not be used by anyone other than these specified parties.

If you have any additional questions or concerns that you would like for us to look at in detail, whether dealing with the topics above or others we have not discussed, please let me know. The quality of our audit depends on us knowing your questions and concerns.

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

Clermont & Associates, LLC
Certified Public Accountants