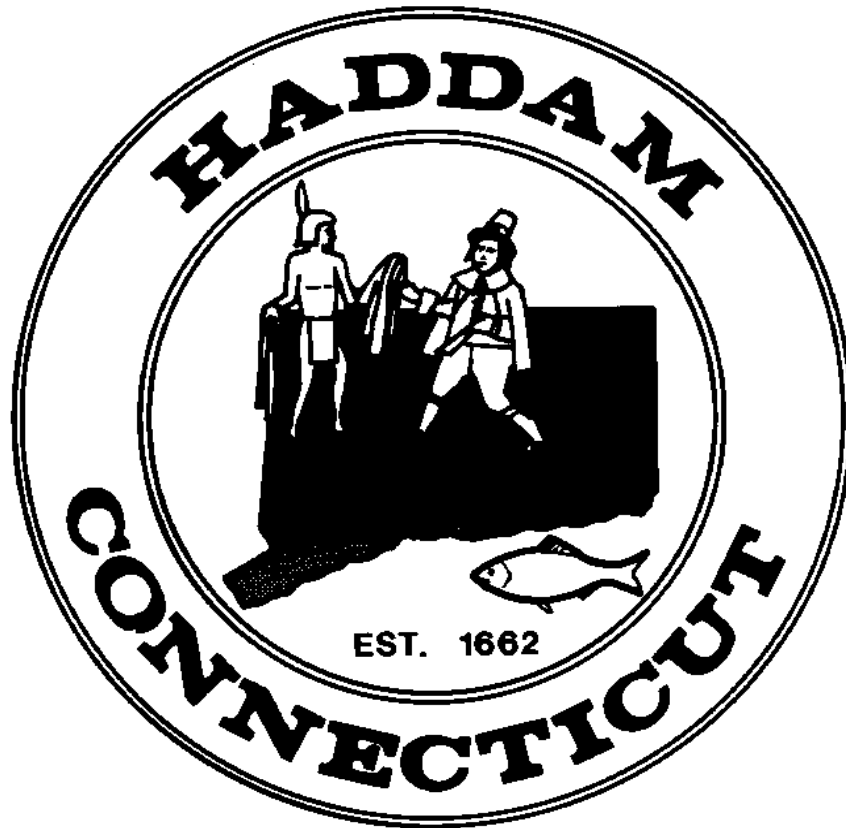


TOWN OF HADDAM, CONNECTICUT



Annual Financial Report

**For The Year Ended
June 30, 2018**

**TOWN OF HADDAM, CONNECTICUT
ANNUAL FINANCIAL REPORT
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Independent Auditors' Report

Independent Auditors' Report

To the Board of Finance
Town of Haddam, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Haddam, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Haddam, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Haddam, Connecticut, as of June 30, 2018 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 Haddam, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2019 on our consideration of the Town of Haddam, 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 Haddam, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Haddam, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
January 25, 2019



Management's Discussion and Analysis



Management's Discussion and Analysis For the Year Ended June 30, 2018

As management of the Town of Haddam, we offer readers of the Town's financial statements this overview and analysis of the financial activities of the Town of Haddam for the fiscal year ended June 30, 2018.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$27,732,452 (*net position*). Of this amount, \$8,138,131 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$665,815. This was due substantially to capital asset additions in excess of depreciation and the difference in the basis of account for debt service principal payments offset by an increase in pension expense of \$172,671.
- As of the close of the current fiscal year, the Town's funds reported combined ending fund balances of \$12,896,875 a decrease of \$763,127 in comparison with the prior year. This decrease is substantially due to spending of the bond proceeds for road reconstruction that was issued in a prior year of \$1,400,429. In addition, the increase in fund balances in the capital and nonrecurring fund of \$576,670 is due to the year-end transfer of \$355,320 of an additional amount from the general fund to the capital nonrecurring fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,886,482, which represents 15.5% percent of total general fund expenditures and transfers out.
- Long-term liabilities decreased by a net of \$306,540 mostly due to scheduled principal payments of \$465,000.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Haddam's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the year's activities?" The *statement of net position* and *statement of activities* report information for the Town as whole and attempt to present information in a way that helps answer this question. These statements are presented using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

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

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The *statement of activities* presents information showing how the Town's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and long-term liabilities).

The government-wide financial statements present the functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government, public safety, public works, health and welfare, and culture and recreation.

Fund financial statements. The fund financial statements provide detailed information about the most significant funds, not the Town as a whole. Some funds are required by State law and others by grants agreements or Board of Finance action. However, the Town establishes many other funds to help it maintain control and manage resources that have been segregated for specific activities or objectives. Funds are also established to ensure and demonstrate compliance with finance related legal requirements for using certain grants. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

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

For 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, the Capital Nonrecurring Fund and the Road Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in Exhibits B-1 and B-2 in this report.

Fiduciary funds. The Town is the trustee, or fiduciary, for its employees' and volunteer firefighters' pension plans. It is also responsible for other assets that the Town has custody of, but belong to others. All of the Town's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position (Exhibits V and VI). We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic 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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) regarding the Town's pension funds.

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

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found in Exhibits B-1 and B-2 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. The Town's total net position increased by \$665,815 to \$27,732,452. This was substantially due to pension expense and related activity. This was due substantially to capital asset additions in excess of depreciation and the difference in the basis of account for debt service principal payments offset by an increase in pension expense of \$172,671.

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

Summary Statement of Net Position June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 14,100,668	\$ 15,336,118
Capital assets, net	<u>24,063,575</u>	<u>22,990,971</u>
Total assets	<u>38,164,243</u>	<u>38,327,089</u>
Deferred outflows of resources	<u>610,963</u>	<u>655,821</u>
Other liabilities outstanding	508,510	982,713
Long-term liabilities outstanding	<u>10,387,999</u>	<u>10,694,539</u>
Total liabilities	<u>10,896,509</u>	<u>11,677,252</u>
Deferred inflows of resources	<u>146,245</u>	<u>239,021</u>
Net investment in capital assets	19,497,944	19,347,962
Restricted	96,377	78,726
Unrestricted	<u>8,138,131</u>	<u>7,639,949</u>
Total Net Position	\$ <u><u>27,732,452</u></u>	\$ <u><u>27,066,637</u></u>

A portion of the Town's net position (\$96,377) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

The Town's net position increased by \$665,815 as presented in the Statement of Changes in Net Position below:

**Statement of Changes in Net Position
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Revenues:		
Program revenues:		
Charges for services	\$ 518,678	\$ 491,898
Operating grants and contributions	2,067,690	2,493,850
Capital grants and contributions	377,190	392,009
General revenues:		
Property taxes	29,016,224	28,347,096
Grants and contributions not restricted to specific programs	165,627	89,185
Unrestricted investment earnings	57,582	38,159
Other general revenues	64,885	6,647
Total revenues	<u>32,267,876</u>	<u>31,858,844</u>
Expenses:		
General government	2,753,937	2,913,689
Public safety	1,088,719	1,043,013
Public works	2,460,422	3,176,518
Health and welfare	420,490	458,998
Miscellaneous organizations/recreation	570,320	529,400
Education	24,076,806	23,682,299
Interest expense	231,367	197,538
Total expenses	<u>31,602,061</u>	<u>32,001,455</u>
Change in net position	665,815	(142,611)
Net Position at Beginning of Year	<u>27,066,637</u>	<u>27,209,248</u>
Net Position at End of Year	<u>\$ 27,732,452</u>	<u>\$ 27,066,637</u>

Key elements of this decrease are as follows:

- Operating grants and contributions decreased by \$426,160 due to a decrease in state grants.
- General government expenses decreased by \$159,752 due to the reclassification of the public buildings department from general government to Public Works.
- Public works expenses decreased by \$716,096 due to the decrease in labor and overtime costs of \$157,518, a decrease in depreciation expense of \$131,750 and certain one-time projects that were completed in the prior year.
- Education expenses increased \$394,507 due to the increase in the Region School District budget assessment to the Town.

Financial Analysis of the Town's Funds

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

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,896,875. The Town's components of fund balance are as follows: 1) Nonspendable for loans issued under the federal Small Cities program (\$85,540), 2) restricted for grants (\$96,377), committed for capital projects, and special revenue activities (\$6,882,792), assigned for debt service (\$945,684) and unassigned of (\$4,886,482).

The total fund balance decreased by \$763,127, which is substantially due to spending of the bond proceeds for road reconstruction that were issued in a prior year of \$1,400,429 offset by the increase in fund balance of the capital and nonrecurring fund of \$576,670. The balance of the Road Fund bond proceeds is expected to be spent by June 30, 2019.

General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general Fund was \$4,886,482. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 15.5% of total general fund expenditures and transfers out.

General fund operating results were an increase in fund balance of \$200,070. Key factors related to the operating results of the general fund were as follows:

Revenue factors

- Property taxes was in excess of budget by \$305,448 due to improved collection activity.
- Intergovernmental revenues were under budget by \$725,461. This was a result of both cuts in State funding for certain grants and the Town adopting our budget before the State finalized the Town's funding in October of 2017.
- Charges for services was in excess of budget by \$88,171 due to an increase in the building permit fees implemented during the year.

Expenditure factors

General Fund Budgetary Highlights

- The contingency line was underspent by \$51,193
- Police line was under budget by \$39,992 due to the retirement of the officer assigned to the Town and the new trooper assigned at a lower salary
- Public works was underspent by \$111,475 due to less of a need to use outside contractors and saving in the material line.
- Education was underspent by \$137,118 due to the budget being developed before the State approved the Town funding until October 2017.

Budget Transfers

- Transfers out to the capital and nonrecurring fund was increased by \$355,320 funded from Regional School District budget under expended amount as result of the State not finalizing funding to the Town and Regional School District until October 2017. Other budget transfers were as follows:
- \$19,155 for Town Counsel due substantially to two union contract negotiations occurring during the year.
- \$48,807 of contingency was used for union contract settlements.
- \$13,003 for engineering due to various projects including bridge replacements that were applied for by the Town.

Capital Nonrecurring Fund. This fund accounts for the Town's annual budget appropriation that is the funding for the Town's ten-year capital plan. The ten-year capital plan includes funding for over 100 separate projects, many of which are being funded over multiple years. The capital nonrecurring fund's revenues and transfers exceeded its expenditures by \$576,670 due substantially to the additional year-end transfer from the general fund of \$355,320 to the capital nonrecurring fund during the year to fund future capital purchases. Total fund balance at year end totaled \$2,549,922.

Road Fund. This fund accounts for the bonds issued for road reconstruction projects. The bonds were issued in the prior fiscal year. The Road Fund reported expenditures of \$1,400,429 during the year. The fund balance that remaining of \$3,985,622 is expected to be spent by June 30, 2019.

Capital Assets and Debt Administration

Capital assets. The Town's investment in capital assets totaled \$24,063,575 (net of accumulated depreciation). The net increase in the Town's investment in capital assets for the current fiscal year was \$1,072,604. This increase is largely due to the increase in construction in progress related to the Town's road projects began during the year and continued through the fall. The Town capital asset purchases are approved in the capital budget.

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

- Construction in progress activity for road reconstruction projects totaled \$1,400,429.
- New vehicles purchased totaling \$374,534. The vehicles included a wheeled excavator, new plow truck and a new loader.

**Capital Assets
(Net of Accumulated Depreciation)**

	<u>2018</u>	<u>2017</u>
Land	\$ 934,383	\$ 934,383
Construction in progress	3,209,548	1,704,266
Land improvements	3,603,282	3,688,218
Buildings and improvements	3,241,594	3,370,858
Machinery and equipment	139,277	163,552
Infrastructure	10,541,936	10,801,983
Motor vehicles	<u>2,393,555</u>	<u>2,327,711</u>
Total	<u>\$ 24,063,575</u>	<u>\$ 22,990,971</u>

Additional information on the Town's capital assets can be found in Note 5.

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$8,255,000. All debt is backed by the full faith and credit of the Town.

	Long-term Debt	
	2018	2017
Bonds payable	\$ <u>8,255,000</u>	\$ <u>8,720,000</u>

The Town's long-term debt decreased during the year by \$465,000 due to scheduled debt service payments.

The Town maintains a AAA bond rating from Standard and Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times total prior year tax collections including interest and lien fees. The current debt limitation for the Town is \$198,429,672, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note 7.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is 3.3%, which is an increase from a rate of 3.6% a year ago. The Town's rate is favorable as compared to the State rate of 4.4% and comparable to the Hartford Labor Market rate of 4.5%.
- The Town continues to be under fiscal pressure to control tax increases. While the general government portion of the budget has remained flat, Haddam's portion of the regional education budget has increase due to the continued shift in enrollment. The Town also has identified improvements that are needed to its infrastructure (road and bridges) and the possible future development of water and sewer systems.


The Town and School District have begun meeting on a regular basis to work together to maintain an affordable tax rate/burden.

- State revenues estimates are proving to be unreliable and therefore adding an additional obstacle to our efforts to maintain modest annual tax increases

These factors were considered in preparing the Town's budget for the 2019 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chairman, Board of Finance, Town of Haddam, 30 Field Park Drive, Haddam, CT 06438.



Basic Financial Statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

Assets:	
Cash	\$ 6,487,309
Investments	6,782,110
Receivables:	
Property taxes, net of allowance for uncollectibles of \$700,000	431,631
Interest on property taxes, net of allowance for uncollectibles of \$1,000,000	310,780
Intergovernmental	2,484
Other	86,354
Capital assets:	
Nondepreciable	4,143,931
Depreciable, net	19,919,644
Total assets	<u>38,164,243</u>
Deferred Outflows of Resources:	
Deferred outflows of resources related to pensions	<u>610,963</u>
Liabilities:	
Accounts payable	275,084
Claims payable	19,192
Accrued salaries and benefits payable	2,609
Performance bonds	180,504
Unearned revenue	31,121
Noncurrent liabilities:	
Due within one year	486,136
Due in more than one year	9,901,863
Total liabilities	<u>10,896,509</u>
Deferred Inflows of Resources:	
Deferred inflows of resources related to pensions	<u>146,245</u>
Net Position:	
Net investment in capital assets	19,497,944
Restricted for:	
General government	36,476
Health and welfare	45,776
Town Clerk	14,125
Unrestricted	<u>8,138,131</u>
Total Net Position	<u>\$ 27,732,452</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 2,753,937	\$ 484,347	\$ 72,710	\$	\$ (2,196,880)
Public safety	1,088,719	32,838	17,686		(1,038,195)
Public works	2,460,422	1,493	266,714	377,190	(1,815,025)
Health and welfare	420,490				(420,490)
Culture and recreation	570,320				(570,320)
Education	24,076,806		1,710,580		(22,366,226)
Interest expense	231,367				(231,367)
Total	<u>\$ 31,602,061</u>	<u>\$ 518,678</u>	<u>\$ 2,067,690</u>	<u>\$ 377,190</u>	<u>(28,638,503)</u>
General revenues:					
Property taxes, levied for general purposes					29,016,224
Grants and contributions not restricted to specific programs					165,627
Unrestricted investment earnings					57,582
Other					64,885
Total general revenues					<u>29,304,318</u>
Change in Net Position					665,815
Net Position at Beginning of Year					<u>27,066,637</u>
Net Position at End of Year					<u>\$ 27,732,452</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	Capital Nonrecurring Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 1,176,321	\$ 1,328,221	\$ 3,968,642	\$ 14,125	\$ 6,487,309
Investments	6,254,634	226,706		300,770	6,782,110
Receivables:					
Property taxes	1,131,631				1,131,631
Intergovernmental		2,484			2,484
Other	814			85,540	86,354
Due from other funds		992,511	16,980	1,124,727	2,134,218
Total Assets	<u>\$ 8,563,400</u>	<u>\$ 2,549,922</u>	<u>\$ 3,985,622</u>	<u>\$ 1,525,162</u>	<u>\$ 16,624,106</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 217,649	\$	\$	\$	\$ 217,649
Claims payable				19,192	19,192
Accrued salaries and benefits payable	12,916				12,916
Performance bonds	180,504				180,504
Unearned revenue				31,121	31,121
Due to other funds	2,134,218				2,134,218
Total liabilities	<u>2,545,287</u>	<u>-</u>	<u>-</u>	<u>50,313</u>	<u>2,595,600</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	<u>1,131,631</u>				<u>1,131,631</u>
Fund balances:					
Nonspendable				85,540	85,540
Restricted				96,377	96,377
Committed		2,549,922	3,985,622	347,248	6,882,792
Assigned				945,684	945,684
Unassigned	4,886,482				4,886,482
Total fund balances	<u>4,886,482</u>	<u>2,549,922</u>	<u>3,985,622</u>	<u>1,474,849</u>	<u>12,896,875</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,563,400</u>	<u>\$ 2,549,922</u>	<u>\$ 3,985,622</u>	<u>\$ 1,525,162</u>	<u>\$ 16,624,106</u>

(Continued on next page)

TOWN OF HADDAM, CONNECTICUT
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

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

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

Total fund balances for governmental funds (Exhibit III)	\$ 12,896,875
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Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds:

Capital assets	\$ 70,454,327	
Less accumulated depreciation and amortization	<u>(46,390,752)</u>	
Total capital assets, net		24,063,575

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

Property tax receivables	1,131,631
Interest receivable on property taxes	1,310,780
Deferred outflows of resources related to pensions	610,963

Allowance for uncollectible taxes not reported in the governmental funds.	(1,700,000)
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Long-term liabilities applicable to the Town's governmental activities are
not due and payable in the current period and, accordingly, are not reported
in the funds:

Bonds payable	(8,255,000)
Unamortized bond premium	(296,253)
Compensated absences	(47,402)
Net pension liability	(1,557,210)
Deferred inflows of resources related to pensions	(146,245)
Interest payable on bonds	(47,128)
Landfill closure and post closure costs	<u>(232,134)</u>

Net Position (Exhibit I)	<u><u>\$ 27,732,452</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	General Fund	Capital Nonrecurring Fund	Road Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes, interest and lien fees	\$ 29,037,666	\$	\$	\$	\$ 29,037,666
Intergovernmental	2,174,981	357,805		55,821	2,588,607
Charges for services	516,671			8,892	525,563
Income from investments	54,309	2,276		998	57,583
Other				86,185	86,185
Total revenues	<u>31,783,627</u>	<u>360,081</u>	<u>-</u>	<u>151,896</u>	<u>32,295,604</u>
Expenditures:					
Current:					
General government	2,367,671			59,467	2,427,138
Public safety	753,049				753,049
Public works	1,948,665			19,036	1,967,701
Health and welfare	420,490				420,490
Culture and recreation	519,111				519,111
Education	24,076,806				24,076,806
Debt service	195,965			514,631	710,596
Capital outlay		783,411	1,400,429		2,183,840
Total expenditures	<u>30,281,757</u>	<u>783,411</u>	<u>1,400,429</u>	<u>593,134</u>	<u>33,058,731</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,501,870</u>	<u>(423,330)</u>	<u>(1,400,429)</u>	<u>(441,238)</u>	<u>(763,127)</u>
Other Financing Sources (Uses):					
Transfers in		1,000,000		301,800	1,301,800
Transfers out	(1,301,800)				(1,301,800)
Total other financing sources (uses)	<u>(1,301,800)</u>	<u>1,000,000</u>	<u>-</u>	<u>301,800</u>	<u>-</u>
Net Change in Fund Balances	200,070	576,670	(1,400,429)	(139,438)	(763,127)
Fund Balances at Beginning of Year	<u>4,686,412</u>	<u>1,973,252</u>	<u>5,386,051</u>	<u>1,614,287</u>	<u>13,660,002</u>
Fund Balances at End of Year	<u>\$ 4,886,482</u>	<u>\$ 2,549,922</u>	<u>\$ 3,985,622</u>	<u>\$ 1,474,849</u>	<u>\$ 12,896,875</u>

(Continued on next page)

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Net change in fund balances for governmental funds (Exhibit IV)	\$ (763,127)
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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 and amortization expense. The amount by which depreciation exceeded capital outlays in the current period is as follows:

Capital outlay	\$ 1,879,814	
Depreciation expense	<u>(807,210)</u>	
Net adjustment		1,072,604

Under the modified accrual basis of accounting used in the governmental funds, expenditures are recognized for transactions that are not normally paid with expendable available financial resources. However, in the statement of activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available:

Change in compensated absences	(7,882)
Change in landfill closure and post-closure costs	9,286
Change in net pension liability	(172,671)
Change in deferred inflows of resources related to pensions	92,776
Change in deferred inflows of resources related to property tax	(28,032)

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

Change in interest receivable	28,490
Change in deferred outflows of resources related to pensions	(44,858)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Amortization of bond premiums	12,807
Accrued interest	1,422
Principal repayments on bonds	<u>465,000</u>

Change in Net Position	<u>\$ 665,815</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Pension Trust Funds
Assets:	
Investments:	
Mutual funds:	
International stocks	\$ 1,095,777
Small-cap stocks	251,370
Mid-cap stocks	498,457
Large cap stocks	1,847,555
Bonds	2,018,627
Real estate	190,212
Guaranteed investment contracts	<u>260,147</u>
Total assets	<u>6,162,145</u>
Net Position:	
Net Position Restricted for Pensions	\$ <u><u>6,162,145</u></u>

The accompanying notes are an integral part of the financial statements

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	\$ 363,671
Investment gains:	
Interest, dividends and changes in fair value of investments	<u>277,636</u>
Total additions	641,307
Deductions:	
Benefit payments	<u>456,016</u>
Change in Net Position	185,291
Net Position at Beginning of Year	<u>5,976,854</u>
Net Position at End of Year	\$ <u><u>6,162,145</u></u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Haddam, Connecticut, was incorporated in 1668. The Town operates under the Board of Selectmen, Town Meeting and Board of Finance 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. The Town is a member of Regional School District No. 17 (the District) along with the Town of Killingworth. The District provides education for grades K-12.

The basic financial statements of the Town include only the funds of the Town, as no component units exist based on operational or financial relationships with the Town.

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds use the accrual basis of accounting but have no measurement focus since they report only assets and liabilities.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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. Only property taxes collected during the year are recorded as revenues. The Town considers reimbursement grant revenues to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to landfill closure and postclosure and claims and judgments, are recorded only when payment is due.

Grants and contracts, and interest associated with the current period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the Town.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town reports the following major governmental funds:

General Fund

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

Capital Nonrecurring Fund

This fund is to account for the projects approved as part of the Town's five-year capital plan.

Road Fund

This fund is to account for the construction and maintenance of Town roads.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds

These funds are used to account for resources held in trust for the members and beneficiaries of the Town's defined benefit pension plans. The Town utilizes these funds to account for activities of the following plans: The Town of Haddam Retirement Plan and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

D. Deposits and Investments

The Town's cash is considered to be cash on hand and demand deposits. State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments.

Investments are reported at fair value.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

F. Capital Assets

Capital assets, which include property, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 for equipment, \$20,000 for building improvements and \$20,000 for infrastructure, and an estimated useful life of at least five years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value at the date of the donation.

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	50
Buildings and improvements	40 - 75
Machinery and equipment	5 - 25
Motor vehicles	5 - 15
Infrastructure	30 - 50

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows of resources related to pensions for changes in assumptions, net difference between projected and actual earnings of the pension plan investments and differences in expected and actual pension experience. The deferred outflow related to the change in assumptions and deferred outflows related to differences in expected and actual pension experience will be amortized over the average remaining service life of all plan members. The deferred outflow for the net difference between projected and actual earnings of the pension plan investments will be amortized over a five-year period.

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

H. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. 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.

J. Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

Net position is restricted because a restriction is externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town of Haddam Board of Finance).

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Board of Finance.

Unassigned Fund Balance

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

When both restricted and unrestricted resources are available for use, it is the Town’s policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

The Town Boards shall propose budgets that provide for an unassigned general fund balance minimum of 10% of the total operating general fund expenditures.

K. Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1.

Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest and lien fees of \$700,000 and \$1,000,000, respectively, as of June 30, 2018.

Taxes not paid within 30 days of the due date are subject to an interest charge of 1.5% per month. The Town files liens against property if taxes that are due July 1 remain unpaid on the following June 30.

Property tax revenues are recognized when they become available. Available means due or past due and received in the current period. Property taxes receivable outstanding as of the end of the fiscal year are reflected in unavailable revenue in the fund financial statements. The entire receivable is recorded as revenue in the government-wide financial statements. Property taxes collected prior to June 30 that are applicable to the subsequent year's assessment are reflected as advance tax collections in both the fund financial statements and the government-wide financial statements.

L. Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

- At the annual Town Meeting in May, at which taxpayer comments are obtained, the proposed operating budget for the fiscal year commencing July 1 is presented. The operating budget, which is prepared by fund, function and department, includes proposed expenditures and the means of financing them.
- Prior to July 1, the budget is legally enacted at a Town Meeting.
- The Board of Selectmen is authorized to transfer budgeted amounts within departments. Transfers of budgeted amounts between departments must be approved by the Board of Finance. The Board of Finance can approve additional appropriations for a department provided such additional appropriations do not exceed \$20,000, or is a second request. Appropriations in excess of \$20,000 must be submitted to a Town Meeting for approval. Management of the Town is not authorized to transfer budgeted amounts or to approve additional appropriations. There were no additional appropriations made during the year.
- The Regional School District is responsible for the administration of the Board of Education budget.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on the modified accrual basis of accounting.
- The legal level of control, the level at which expenditures may not legally exceed appropriations, is at the department level.

3. CASH

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

A. Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$11,461,830 of the Town’s bank balance of \$12,393,334 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,265,647
Uninsured and collateralized with securities held by the pledging bank’s trust department or agent but not in the Town’s name	<u>1,196,183</u>
	<u><u>\$ 11,461,830</u></u>

Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk based capital ratio.

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity.

4. INVESTMENTS

The Town's investments consisted of the following:

			<u>Investment Maturities (Years)</u>		
	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificate of Deposit	*	\$ 1,027,261	\$ <u>284,348</u>	\$ <u>742,913</u>	\$ <u>-</u>
Money Market	*	5,754,849			
Other investments:					
Mutual Funds	N/A	5,901,998			
Guaranteed Investment Contracts	N/A	<u>260,147</u>			
Total Investments		\$ <u>12,944,255</u>			

N/A - Not Applicable

* Subject to coverage by Federal Depository Insurance and Collateralization.

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements:

	<u>Amount</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Equity securities:				
Mutual Funds	\$ 5,901,998	\$ <u>5,901,998</u>	\$ <u>-</u>	\$ <u>-</u>
Investments not recorded at fair value:				
Certificate of Deposit	1,027,261			
Money Market	5,754,849			
Guaranteed Investment Contracts	<u>260,147</u>			
Total Investments	\$ <u>12,944,255</u>			

Mutual Funds

Mutual funds are valued using Level 1 inputs, which consist of the quoted price of shares held at year end.

Interest Rate Risk

The Town does not have a formal investment policy that limits Town or Pension Trust Fund investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those limited by Connecticut State Statutes. Connecticut State Statutes permit the Town to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. The Pension Trust Funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are not exposed to custodial credit risk at June 30, 2018. The Town does not have a policy for custodial credit risk.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. More than 5% of the Pension Trust Fund investments are in mutual funds, but are not exposed to concentrations of credit risk, as these investments are considered to be diversified by nature.

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. CAPITAL ASSETS

Capital asset activity for the fiscal year consisted of the following:

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Land	\$ 934,383	\$	\$	\$ 934,383
Construction in progress	<u>1,704,266</u>	<u>1,505,282</u>		<u>3,209,548</u>
Total capital assets not being depreciated	<u>2,638,649</u>	<u>1,505,282</u>	<u>-</u>	<u>4,143,931</u>
Capital assets being depreciated:				
Buildings and improvements	6,047,864			6,047,864
Land improvements	4,249,826			4,249,826
Machinery and equipment	750,378			750,378
Vehicles	6,562,664	374,532		6,937,196
Infrastructure	<u>48,325,132</u>			<u>48,325,132</u>
Total capital assets being depreciated	<u>65,935,864</u>	<u>374,532</u>	<u>-</u>	<u>66,310,396</u>
Less accumulated depreciation for:				
Buildings and improvements	2,677,006	129,264		2,806,270
Land improvements	561,608	84,936		646,544
Machinery and equipment	586,826	24,275		611,101
Vehicles	4,234,953	308,688		4,543,641
Infrastructure	<u>37,523,149</u>	<u>260,047</u>		<u>37,783,196</u>
Total accumulated depreciation	<u>45,583,542</u>	<u>807,210</u>	<u>-</u>	<u>46,390,752</u>
Total capital assets being depreciated, net	<u>20,352,322</u>	<u>(432,678)</u>	<u>-</u>	<u>19,919,644</u>
Capital Assets, Net	<u>\$ 22,990,971</u>	<u>\$ 1,072,604</u>	<u>\$ -</u>	<u>\$ 24,063,575</u>

Depreciation expense was charged to functions of the Town as follows:

General government	\$ 15,348
Public safety	257,735
Public works	487,568
Culture and recreation	<u>46,559</u>
Total Depreciation Expense	<u>\$ 807,210</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Construction Commitments

The Town has active construction projects for various public works projects and road improvements as follows:

<u>Project</u>	<u>Authorized Amount</u>	<u>Cumulative Expenditures</u>	<u>Balance</u>
Road Improvement	\$ 6,480,000	\$ 2,991,352	\$ 3,488,648

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivable and payable balances are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
Road Fund	General Fund	\$ 16,980
Capital Nonrecurring Fund	General Fund	992,511
Nonmajor Governmental Funds	General Fund	<u>1,124,727</u>
Total		<u>\$ 2,134,218</u>

The above balances resulted from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Interfund transfers during the year consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental funds:		
Capital Nonrecurring Fund	General Fund	\$ 1,000,000
Nonmajor Governmental Funds	General Fund	<u>301,800</u>
Total		<u>\$ 1,301,800</u>

Transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

7. LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bond payable:					
Bonds payable	\$ 8,720,000	\$	\$ 465,000	\$ 8,255,000	\$ 465,000
Bond premium	309,060		12,807	296,253	
Total bonds payable	9,029,060	-	477,807	8,551,253	465,000
Net pension liability	1,384,539	172,671		1,557,210	
Landfill post-closure costs	241,420		9,286	232,134	9,285
Compensated absences	39,520	15,786	7,904	47,402	11,851
Long-Term Liabilities	<u>\$ 10,694,539</u>	<u>\$ 188,457</u>	<u>\$ 494,997</u>	<u>\$ 10,387,999</u>	<u>\$ 486,136</u>

Governmental fund bonds bear interest at rates ranging from 1.45% to 4.00% and mature in fiscal years ending 2019 through 2037. These obligations are direct obligations and pledge the full faith and credit of the government and will be paid from General Fund revenues.

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

General obligation bonds as discussed above that are currently outstanding are as follows:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Principal Outstanding June 30, 2018</u>
Bonds payable:					
General Bonds	8/30/2012	\$ 2,800,000	2.00-3.00%	8/15/2032	\$ 2,100,000
General Bonds	5/25/2017	6,480,000	1.45-4.00%	5/15/2037	6,155,000
					<u>\$ 8,255,000</u>

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

Year Ending June 30,	Principal	Interest	Total
2019	\$ 465,000	\$ 271,390	\$ 736,390
2020	465,000	255,815	720,815
2021	465,000	240,240	705,240
2022	465,000	224,665	689,665
2023	465,000	209,090	674,090
2024-2028	2,325,000	822,623	3,147,623
2029-2033	2,325,000	458,465	2,783,465
2034-2037	1,280,000	112,000	1,392,000
	<u>\$ 8,255,000</u>	<u>\$ 2,594,288</u>	<u>\$ 10,849,288</u>

B. Debt Limitations

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute, or \$198,429,672 at year end. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at year end.

Category	Debt Limit	Net Indebtedness	Balance
General purpose	\$ 63,780,966	\$ 8,255,000	\$ 55,525,966
Schools	127,561,932	3,754,697	123,807,235
Sewers	106,301,610		106,301,610
Urban renewal	92,128,062		92,128,062
Pension deficit	85,041,288		85,041,288

C. Regional School District Commitments

The Town is a member of Regional School District No. 17, which provides education facilities for grades kindergarten through twelve for the towns of Haddam and Killingworth. As of June 30, 2018, the outstanding bonded indebtedness of the District was \$6,320,000. The Town's share will be 59.41% of the outstanding indebtedness, or \$3,754,697. These are general obligations of Regional School District No. 17 and its member towns. However, the Town is not required to record its share in its financial statements.

D. Landfill Post-Closure Care Costs

State and federal laws and regulations require landfill closures to meet certain standards. The Town has completed the final capping of the landfill in June 2013. Estimated monitoring costs for the next 25 years at \$9,285 per year are \$232,134. These amounts are based on estimates that are subject to change due to inflation, technology or applicable laws and regulations.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. FUND BALANCES

The components of fund balance for the governmental funds are as follows:

	<u>General Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Road Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Loans receivable	\$ _____	\$ _____	\$ _____	\$ 85,540	\$ 85,540
Restricted:					
General government				36,476	36,476
Health and welfare				45,776	45,776
Town Clerk				14,125	14,125
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,377</u>	<u>96,377</u>
Committed:					
General government				113,305	113,305
Public works				15,577	15,577
Capital projects		2,549,922	3,985,622	179,043	6,714,587
Open space				39,323	39,323
Total committed	<u>-</u>	<u>2,549,922</u>	<u>3,985,622</u>	<u>347,248</u>	<u>6,882,792</u>
Assigned to:					
Debt service				945,684	945,684
Unassigned	<u>4,886,482</u>				<u>4,886,482</u>
Total Fund Balances	\$ <u>4,886,482</u>	\$ <u>2,549,922</u>	\$ <u>3,985,622</u>	\$ <u>1,474,849</u>	\$ <u>12,896,875</u>

9. TAX ABATEMENT

The Town provides a tax abatement under the High Meadow tax abatement program. The High Meadow tax abatement agreement was created to provide a real property tax abatement to facilitate the provision of low income elderly housing within the Town pursuant to Connecticut General Statutes Section 8-215. Under the terms of the agreement moneys equivalent to taxes abated are to be utilized for either or both the following purpose:

- The reduction of rents below levels, which would be achieved in the absence of such an abatement program.
- To provide necessary related facilities or services in such housing.

In performing the above, the property owner receives an abatement of 100% of the real property taxes. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. For the fiscal year ended June 30, 2018, taxes abated through this program total \$30,867. No other commitments have been made by the Town to the abatement recipient under this program.

10. PENSION PLANS

A. Plan Administration

Plan Descriptions

The Town maintains two single-employer defined benefit pension plans: The Town of Haddam Retirement Plan (the Town Employees' Pension Plan) and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan (the Volunteer Firefighters' Pension Plan) (collectively the Plans). Benefit provisions of the Plans are established and can be amended by the Board of Selectmen. The Plans do not issue stand-alone financial statements and are part of the Town's financial reporting entity. As such, the Plans are accounted for in the fiduciary fund financial statements as Pension Trust Funds.

Benefit Provisions

Town Employees' Pension Plan

Each employee of the Town who is scheduled to work at least 30 hours per week for 12 months of the year is eligible to participate in the plan. The plan provides retirement benefits as well as death and disability benefits. Participants are 100% vested after seven years. Annual retirement benefits for plan participants are 2% of an employees' final average compensation multiplied by the number of years of credited service, up to a maximum of 30 years.

Volunteer Firefighters' Pension Plan

Each volunteer firefighter whose name is on the roster of the Haddam Volunteer Fire Company and the Haddam Neck Volunteer Fire Department as of the effective date of the plan is eligible to participate in the Volunteer Firefighters' Pension Plan, following one year of credited service. This plan does not provide disability benefits. Under the provisions of the plan, the Town must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements. Benefits and contributions are established by the Town. The State of Connecticut Statutes assign the authority to establish and amend the benefit provisions of the plan to the Town.

Plan Membership

Membership of the plans consisted of the following at the date of the latest actuarial valuations:

	Town Plan	Firefighters' Plan
Retirees and beneficiaries currently receiving benefits	21	25
Vested terminated plan members	8	47
Active plan members	21	57
	<u>50</u>	<u>129</u>

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Contributions

Contribution requirements of the plan members and the Town are established, and may be amended, by the Board of Selectmen. The Town is required to annually contribute an actuarially determined amount to fund benefits.

Employer contributions to the Town Employees' Pension Plan represented 22.83% of covered payroll. Employer contributions for the Firefighters' Plan were an actuarial determined amount of \$107,708.

Investments

Investment Policy

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

The long-term expected rate of return on pension 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) for both plans are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38%	6.25%
International equity	18%	3.75%
Fixed income	40%	2.75%
Real estate and alternatives	4%	7.00%
Total	<u>100%</u>	

Rate of Return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, for the Town Employees' Pension Plan and the Volunteer Firefighters' Pension Plan was 4.63% and 4.35%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Concentrations

There were no investments in any one organization that represent 5% or more of the pension plan net position.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Net Pension Liability of the Town

The Town's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 for the Volunteer Firefighters' Merit Service Retirement Plan and January 1, 2018 for the Employees' Pension Plan.

The components of the net pension liability of the Town at June 30, 2018 were as follows:

	Town Plan	Firefighters' Plan
Total pension liability	\$ 5,437,836	\$ 2,281,519
Plan fiduciary net position	<u>4,482,209</u>	<u>1,679,936</u>
 Net Pension Liability	 <u>\$ 955,627</u>	 <u>\$ 601,583</u>
 Plan fiduciary net position as a percentage of the total pension liability	 <u>82.43%</u>	 <u>73.63%</u>

Actuarial Assumptions

The total Town pension liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Investment rate of return	6.50%

The total firefighters' pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	N/A
Investment rate of return	6.50%

Mortality rates for the Town pension plan were based on the RP-2014 mortality table adjusted to 2006 separately for males and females projected with mortality improvement scale MP-2017 with zero mortality pre-commencement. Mortality rates for the volunteer fire plan were based on the RP-2014 adjusted to 2006 (RP-2015) blue collar separately for males and females projected with mortality improvement scale MP-2017.

The actuarial assumptions used in the July 1, 2017 valuation for the firefighters' plan and in the January 1, 2018 valuation for the employees' plan are based on the mortality tables used for the Connecticut state employees' retirement system.

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

Town Employees' Pension Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 5,267,749	\$ 4,376,923	\$ 890,826
Changes for the year:			
Service cost	122,689		122,689
Interest on total pension liability	338,780		338,780
Differences between expected and actual experience	20,588		20,588
Changes in assumptions	44,903		44,903
Employer contributions		255,963	(255,963)
Net investment income		206,196	(206,196)
Benefit payments, including refund to employee contributions	(356,873)	(356,873)	-
Net changes	170,087	105,286	64,801
Balances as of June 30, 2018	\$ 5,437,836	\$ 4,482,209	\$ 955,627

Volunteer Firefighters' Merit Service Retirement Plan			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of July 1, 2017	\$ 2,093,644	\$ 1,599,931	\$ 493,713
Changes for the year:			
Service cost	32,997		32,997
Interest on total pension liability	139,401		139,401
Differences between expected and actual experience	180,934		180,934
Changes in assumptions	(66,314)		(66,314)
Employer contributions		107,708	(107,708)
Net investment income		71,440	(71,440)
Benefit payments, including refund to employee contributions	(99,143)	(99,143)	-
Net changes	187,875	80,005	107,870
Balances as of June 30, 2018	\$ 2,281,519	\$ 1,679,936	\$ 601,583

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

		1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town Employees' Plan	\$	1,500,265	\$ 955,627	\$ 489,637
Firefighters' Plan		917,661	601,583	341,085

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

During the year, the Town recognized pension expense of \$493,030. The Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Town Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 52,499
Changes of assumptions	157,814	11,562
Net difference between projected and actual earning on pension plan investments	125,130	
Total	\$ 282,944	\$ 64,061

	Firefighters' Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 207,144	\$ 25,343
Changes of assumptions	72,555	56,841
Net difference between projected and actual earning on pension plan investments	48,320	
Total	\$ 328,019	\$ 82,184

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

<u>Year Ending June 30,</u>	<u>Town Plan</u>	<u>Firefighters' Plan</u>	<u>Total</u>
2019	\$ 158,105	\$ 73,018	\$ 231,123
2020	62,156	56,216	118,372
2021	(17,795)	34,726	16,931
2022	16,417	48,103	64,520
2023		25,076	25,076
Thereafter		8,696	8,696
Total	<u>\$ 218,883</u>	<u>\$ 245,835</u>	<u>\$ 464,718</u>

Combining Statement of Net Position

	<u>Pension Trust Funds</u>		
	<u>Town Employees' Pension Plan</u>	<u>Volunteer Firefighters' Pension Plan</u>	<u>Total</u>
Assets:			
Investments, at Fair Value	<u>\$ 4,482,209</u>	<u>\$ 1,679,936</u>	<u>\$ 6,162,145</u>
Net Position:			
Net Position Restricted for Pension Benefits	<u>\$ 4,482,209</u>	<u>\$ 1,679,936</u>	<u>\$ 6,162,145</u>

TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Combining Statement of Changes in Plan Net Position

	Pension Trust Funds		
	Town Employees' Pension Plan	Volunteer Firefighters' Pension Plan	Total
Additions:			
Employer contributions	\$ 255,963	\$ 107,708	\$ 363,671
Investment gains:			
Interest, dividends and changes in fair value	206,196	71,440	277,636
Total additions	462,159	179,148	641,307
Deductions:			
Benefit payments	356,873	99,143	456,016
Change in Net Position	105,286	80,005	185,291
Net Position at Beginning of Year	4,376,923	1,599,931	5,976,854
Net Position at End of Year	<u>\$ 4,482,209</u>	<u>\$ 1,679,936</u>	<u>\$ 6,162,145</u>

11. COMMITMENTS AND CONTINGENCIES

There are various suits and claims pending against the Town, none of which, individually or in the aggregate, is believed by legal counsel to be likely to result in a judgment or judgments that would materially affect the Town's financial position.

The Town has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditures disallowed under terms of the grant. Based upon prior experience, Town management believes such disallowance, if any, will not be material.

12. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims that exceeded the Town's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

**TOWN OF HADDAM, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

The Town is also a member in Regional School District No. 17's medical health insurance fund, a public entity risk pool established for the purpose of administering medical benefits for each participating entity in the fund. The Town pays an annual contribution for its coverage. The fund is to be self-sustaining through members' premiums, but reinsures in excess of \$75,000 for each insured occurrence. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining; it is not possible to estimate the amount of such additional assessments.

The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies.

13. SUBSEQUENT EVENT

In July 2018, the Town acquired land and related infrastructure through a tax sale. Unpaid property taxes for the property is included in the allowance for uncollectible amount at year end. Property was recorded at its acquisition cost based on taxes forgone of \$730,267.



Required Supplementary Information

TOWN OF HADDAM, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original Budget	Additional Appropriations and Transfers	Final Budget		
Revenues:					
Taxes, interest and lien fees	\$ 28,732,218	\$	\$ 28,732,218	\$ 29,037,666	\$ 305,448
Intergovernmental	2,900,442		2,900,442	2,174,981	(725,461)
Charges for services	428,500		428,500	516,671	88,171
Interest income	36,000		36,000	54,309	18,309
Total revenues	<u>32,097,160</u>	<u>-</u>	<u>32,097,160</u>	<u>31,783,627</u>	<u>(313,533)</u>
Expenditures:					
Current:					
General government	2,489,554	(16,195)	2,473,359	2,367,671	105,688
Public safety	816,046		816,046	753,049	62,997
Public works	2,089,279	13,003	2,102,282	1,948,665	153,617
Health and welfare	441,574	3,192	444,766	420,490	24,276
Culture and recreation	544,818		544,818	519,111	25,707
Education	24,569,244	(355,320)	24,213,924	24,076,806	137,118
Debt service	200,165		200,165	195,965	4,200
Total expenditures	<u>31,150,680</u>	<u>(355,320)</u>	<u>30,795,360</u>	<u>30,281,757</u>	<u>513,603</u>
Excess of revenues over expenditures	<u>946,480</u>	<u>355,320</u>	<u>1,301,800</u>	<u>1,501,870</u>	<u>200,070</u>
Other financing uses:					
Transfers out	<u>(946,480)</u>	<u>(355,320)</u>	<u>(1,301,800)</u>	<u>(1,301,800)</u>	<u>-</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	200,070	\$ <u>200,070</u>
Fund Balance at Beginning of Year				<u>4,686,412</u>	
Fund Balance at End of Year				\$ <u>4,886,482</u>	

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts			Actual	Variance With Final Budget
	Original	Additional Appropriations and Transfers	Final		
Taxes, Interest and Lien Fees:					
General property taxes	\$ 28,790,100	\$	\$ 28,790,100	\$ 28,877,538	\$ 87,438
Elderly tax abatement	(95,000)		(95,000)		95,000
Interest and lien fees	13,000		13,000	138,228	125,228
Telecommunications property tax grant	21,118		21,118	16,889	(4,229)
South Central Water Authority	3,000		3,000	5,011	2,011
Total taxes, interest and lien fees	<u>28,732,218</u>	<u>-</u>	<u>28,732,218</u>	<u>29,037,666</u>	<u>305,448</u>
Intergovernmental:					
Education cost-sharing	1,351,362		1,351,362	1,710,580	359,218
Special education	792,206		792,206		(792,206)
PILOT: State-owned real property	40,753		40,753	19,311	(21,442)
Motor vehicle revenue share grant	245,344		245,344		(245,344)
Tax relief for the elderly	46,000		46,000		(46,000)
Veterans' exemption	4,742		4,742	5,070	328
Mashantucket Pequot grant	22,842		22,842	22,842	-
Local capital improvement grant	135,008		135,008	134,369	(639)
Emergency Management	3,623		3,623		(3,623)
Town Aid Road	246,062		246,062	246,005	(57)
DUI Grants	7,500		7,500	17,686	10,186
Miscellaneous state	5,000		5,000	19,118	14,118
Total intergovernmental	<u>2,900,442</u>	<u>-</u>	<u>2,900,442</u>	<u>2,174,981</u>	<u>(725,461)</u>
Charges for Services:					
Licenses and permits	228,000		228,000	313,041	85,041
Town clerk state fees	5,000		5,000	5,756	756
Real estate conveyance tax	90,000		90,000	88,267	(1,733)
Cell tower rent	24,000		24,000	2,000	(22,000)
Miscellaneous	81,500		81,500	107,607	26,107
Total charges for services	<u>428,500</u>	<u>-</u>	<u>428,500</u>	<u>516,671</u>	<u>88,171</u>
Interest Income	<u>36,000</u>		<u>36,000</u>	<u>54,309</u>	<u>18,309</u>
Total Revenues	<u>\$ 32,097,160</u>	<u>\$ -</u>	<u>\$ 32,097,160</u>	<u>\$ 31,783,627</u>	<u>\$ (313,533)</u>

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original Budget	Additional Appropriations and Transfers	Final		
General Government:					
Selectman's office	\$ 199,337	\$	\$ 199,337	\$ 176,062	\$ 23,275
Finance department	129,014	3,294	132,308	132,308	-
Probate court	2,661		2,661	2,661	-
Elections	53,600		53,600	46,255	7,345
Board of finance	43,995		43,995	40,358	3,637
Assessor	127,340		127,340	125,196	2,144
Board of assessment appeals	310		310	50	260
Tax collector's office	78,426	3,059	81,485	81,485	-
Treasurer's office	14,579	364	14,943	14,943	-
Town counsel	60,000	19,155	79,155	79,155	-
Town clerk	106,539	2,092	108,631	108,631	-
Planning and zoning	200		200		200
Zoning board of appeals	110		110	110	-
Wetlands	100		100		100
Central services	128,834		128,834	128,267	567
Insurance and other benefits	1,149,353	4,648	1,154,001	1,154,001	-
Economic development	21,500		21,500	10,687	10,813
Land use offices	271,656		271,656	266,502	5,154
Conservation	2,000		2,000	1,000	1,000
Contingency	100,000	(48,807)	51,193		51,193
Total general government	2,489,554	(16,195)	2,473,359	2,367,671	105,688
Public Safety:					
Fire protection	221,570		221,570	212,505	9,065
Police	428,654		428,654	388,662	39,992
Animal control	23,550		23,550	18,561	4,989
Emergency management	7,029		7,029		7,029
Fire marshal	20,201		20,201	18,279	1,922
Dispatch services	115,042		115,042	115,042	-
Total public safety	816,046	-	816,046	753,049	62,997
Public Works:					
Public works	1,125,655		1,125,655	1,014,180	111,475
Snow and ice removal	320,000		320,000	307,294	12,706
Public buildings	276,624		276,624	274,128	2,496
Engineering	50,000	13,003	63,003	63,003	-
Fire hydrants	3,000		3,000	69	2,931
Waste disposal	314,000		314,000	289,991	24,009
Total public works	2,089,279	13,003	2,102,282	1,948,665	153,617

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TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Actual	Variance With Final Budget
	Original Budget	Additional Appropriations and Transfers	Final		
Health and Welfare:					
Social services	\$ 30,000	\$	\$ 30,000	\$ 22,509	\$ 7,491
Senior services	57,655		57,655	49,216	8,439
Senior transportation	38,405	3,131	41,536	41,536	-
Health district	85,822		85,822	85,822	-
Youth and family	80,000		80,000	80,000	-
Water pollution and control	8,000	61	8,061	8,061	-
Ambulance and paramedic services	141,692		141,692	133,346	8,346
Total health and welfare	<u>441,574</u>	<u>3,192</u>	<u>444,766</u>	<u>420,490</u>	<u>24,276</u>
Culture and Recreation:					
Haddam park and recreation commission	65,000		65,000	40,884	24,116
Regional recreational authority	113,606		113,606	113,606	-
Culture and recreation	360,306		360,306	359,215	1,091
Community organizations	5,906		5,906	5,406	500
Total culture and recreation	<u>544,818</u>	<u>-</u>	<u>544,818</u>	<u>519,111</u>	<u>25,707</u>
Education	<u>24,569,244</u>	<u>(355,320)</u>	<u>24,213,924</u>	<u>24,076,806</u>	<u>137,118</u>
Debt Service	<u>200,165</u>		<u>200,165</u>	<u>195,965</u>	<u>4,200</u>
Total Expenditures	<u>31,150,680</u>	<u>(355,320)</u>	<u>30,795,360</u>	<u>30,281,757</u>	<u>513,603</u>
Other Financing Uses:					
Transfer out	<u>946,480</u>	<u>355,320</u>	<u>1,301,800</u>	<u>1,301,800</u>	<u>-</u>
Total Expenditures and Other Financing Uses	<u>\$ 32,097,160</u>	<u>\$ -</u>	<u>\$ 32,097,160</u>	<u>\$ 31,583,557</u>	<u>\$ 513,603</u>

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TOWN EMPLOYEES' PENSION PLAN
LAST FIVE YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 122,689	\$ 132,292	\$ 167,624	\$ 168,836	\$ 168,836
Interest	338,780	323,985	318,674	315,305	285,670
Differences between expected and actual experience	20,588	(233,719)	44,324	(118,691)	111,968
Changes of assumptions	44,903	383,635	(46,251)	194,605	
Benefit payments, including refunds of member contributions	<u>(356,873)</u>	<u>(645,672)</u>	<u>(159,641)</u>	<u>(163,836)</u>	<u>(125,095)</u>
Net change in total pension liability	170,087	(39,479)	324,730	396,219	441,379
Total pension liability - beginning	<u>5,267,749</u>	<u>5,307,228</u>	<u>4,982,498</u>	<u>4,586,279</u>	<u>4,144,900</u>
Total pension liability - ending	<u>5,437,836</u>	<u>5,267,749</u>	<u>5,307,228</u>	<u>4,982,498</u>	<u>4,586,279</u>
Plan fiduciary net position:					
Contributions - employer	255,963	273,000	256,564	240,000	227,608
Net investment income (loss)	206,196	447,615	(24,561)	57,117	523,998
Benefit payments, including refunds of member contributions	(356,873)	(645,672)	(159,641)	(163,836)	(125,095)
Other					11,243
Net change in plan fiduciary net position	<u>105,286</u>	<u>74,943</u>	<u>72,362</u>	<u>133,281</u>	<u>637,754</u>
Plan fiduciary net position - beginning	<u>4,376,923</u>	<u>4,301,980</u>	<u>4,229,618</u>	<u>4,096,337</u>	<u>3,458,583</u>
Plan fiduciary net position - ending	<u>4,482,209</u>	<u>4,376,923</u>	<u>4,301,980</u>	<u>4,229,618</u>	<u>4,096,337</u>
Net Pension Liability - Ending	<u>\$ 955,627</u>	<u>\$ 890,826</u>	<u>\$ 1,005,248</u>	<u>\$ 752,880</u>	<u>\$ 489,942</u>
Plan fiduciary net position as a percentage of the total pension liability	82.43%	83.09%	81.06%	84.89%	89.32%
Covered payroll	\$ 1,121,054	\$ 776,316	\$ 845,364	\$ 989,549	\$ 1,096,743
Net pension liability as a percentage of covered payroll	85.24%	114.75%	118.91%	76.08%	44.67%

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

TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST FIVE YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:					
Service cost	\$ 32,997	\$ 40,115	\$ 39,598	\$ 35,108	\$ 34,543
Interest	139,401	123,339	122,360	119,279	111,006
Differences between expected and actual experience	180,934	22,095	(40,547)	75,106	(17,856)
Changes of assumptions	(66,314)	65,356		51,745	89,800
Benefit payments, including refunds of member contributions	<u>(99,143)</u>	<u>(109,566)</u>	<u>(103,147)</u>	<u>(102,370)</u>	<u>(96,232)</u>
Net change in total pension liability	187,875	141,339	18,264	178,868	121,261
Total pension liability - beginning	<u>2,093,644</u>	<u>1,952,305</u>	<u>1,934,041</u>	<u>1,755,173</u>	<u>1,633,912</u>
Total pension liability - ending	<u>2,281,519</u>	<u>2,093,644</u>	<u>1,952,305</u>	<u>1,934,041</u>	<u>1,755,173</u>
Plan fiduciary net position:					
Contributions - employer	107,708	96,615	60,922	83,000	82,646
Net investment income (loss)	71,440	160,819	(10,975)	20,591	196,428
Benefit payments, including refunds of member contributions	<u>(99,143)</u>	<u>(109,566)</u>	<u>(103,147)</u>	<u>(102,370)</u>	<u>(96,232)</u>
Net change in plan fiduciary net position	80,005	147,868	(53,200)	1,221	182,842
Plan fiduciary net position - beginning	<u>1,599,931</u>	<u>1,452,063</u>	<u>1,505,263</u>	<u>1,504,042</u>	<u>1,321,200</u>
Plan fiduciary net position - ending	<u>1,679,936</u>	<u>1,599,931</u>	<u>1,452,063</u>	<u>1,505,263</u>	<u>1,504,042</u>
Net Pension Liability - Ending	<u>\$ 601,583</u>	<u>\$ 493,713</u>	<u>\$ 500,242</u>	<u>\$ 428,778</u>	<u>\$ 251,131</u>
Plan fiduciary net position as a percentage of the total pension liability	73.63%	76.42%	74.38%	77.83%	85.69%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

N/A - Not applicable. Plan members are volunteers

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

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TOWN EMPLOYEE'S PENSION PLAN
LAST TEN YEARS**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 255,963	\$ 255,222	\$ 256,565	\$ 233,178	\$ 227,608	\$ 262,526	\$ 294,688	\$ 295,860	\$ 186,591	\$ 235,001
Contributions in relation to the actuarially determined contribution	255,963	273,000	256,564	240,000	227,608	262,526	294,688	187,000	312,000	420,834
Contribution Deficiency (Excess)	\$ -	\$ (17,778)	\$ 1	\$ (6,822)	\$ -	\$ -	\$ -	\$ 108,860	\$ (125,409)	\$ (185,833)
Covered payroll	\$ 1,121,054	\$ 1,027,021	\$ 1,258,691	\$ 1,096,743	\$ 1,001,353	\$ 1,012,849	\$ 1,150,309	\$ 1,131,163	\$ 1,021,432	\$ 1,036,824
Contributions as a percentage of covered payroll	22.83%	26.58%	20.38%	21.88%	22.73%	25.92%	25.62%	16.53%	30.55%	40.59%

Notes to Schedule

Valuation date: January 01, 2018
Measurement date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	3.2883 years as of July 1, 2017
Asset valuation method	Fair value
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	6.50%
Retirement age	Normal retirement is age 65 and 5 years of participation Early retirement is age 55 and 7 years of service
Mortality	RP-2014 adjusted to 2006 Mortality Table with Scale MP-2017

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
LAST TEN YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution	\$ 107,708	\$ 96,615	\$ 60,922	\$ 56,936	\$ 73,893	\$ 77,239	\$ 82,657	\$ 101,037	\$ 100,909	\$ 65,649
Contributions in relation to the actuarially determined contribution	<u>107,708</u>	<u>96,615</u>	<u>60,922</u>	<u>83,000</u>	<u>82,646</u>	<u>92,000</u>	<u>108,110</u>	<u>75,000</u>	<u>75,000</u>	<u>59,080</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,064)</u>	<u>\$ (8,753)</u>	<u>\$ (14,761)</u>	<u>\$ (25,453)</u>	<u>\$ 26,037</u>	<u>\$ 25,909</u>	<u>\$ 6,569</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule

Valuation date: July 1, 2017
Measurement date: June 30, 2018
Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	6.67 years as of July 1, 2017
Asset valuation method	Fair value
Inflation	3.00%
Salary increases	N/A
Investment rate of return	6.50%
Retirement age	Normal retirement is age 65 and 5 years of participation Early retirement is age 55 and 10 years of service
Mortality	RP-2015 blue collar Mortality Table with Scale MP-2017

N/A - Not applicable. Plan members are volunteers

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST FIVE YEARS***

	<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:					
Town Employees' Pension Plan	4.63%	11.05%	-0.56%	1.38%	13.72%
Volunteer Firefighters' Pension Plan	4.35%	11.15%	-0.73%	1.37%	15.05%

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



Combining and Individual Fund Statements and Schedules



General Fund

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2018**

Grand List Year	Balance Uncollected July 1, 2017	Current Levy	Lawful Corrections		Transfers to Suspense	Balance To Be Collected	Collections				Balance Uncollected June 30, 2018
			Additions	Deductions			Taxes	Interest	Lien Fees	Total	
2016	\$	\$ 29,002,758	\$ 55,647	\$ 141,784	\$	\$ 28,916,621	\$ 28,665,940	\$ 73,906	\$ 852	\$ 28,740,698	\$ 250,681
2015	274,575		11,346	16,233		269,688	168,994	32,387	816	202,197	100,694
2014	107,028		10,033	10,499	31,278	75,284	29,090	12,644	348	42,082	46,194
2013	39,214			3,585		35,629	3,263	1,909	24	5,196	32,366
2012	44,110			3,477		40,633	3,087	2,422	24	5,533	37,546
2011	40,100			4,707		35,393	3,113	2,942	24	6,079	32,280
2010	33,869			3,232		30,637	3,032	3,411	24	6,467	27,605
2009	26,291			1,652		24,639	2,722	3,552	24	6,298	21,917
2008	18,718			1,338		17,380	2,623	2,895	24	5,542	14,757
2007	8,526			1,069		7,457				-	7,457
2006	5,700			1,028		4,672				-	4,672
2005	547,866			1,029		546,837				-	546,837
2004	3,004					3,004				-	3,004
2003	2,859					2,859				-	2,859
2002	2,762					2,762				-	2,762
	<u>\$ 1,154,622</u>	<u>\$ 29,002,758</u>	<u>\$ 77,026</u>	<u>\$ 189,633</u>	<u>\$ 31,278</u>	<u>\$ 30,013,495</u>	<u>\$ 28,881,864</u>	<u>\$ 136,068</u>	<u>\$ 2,160</u>	<u>\$ 29,020,092</u>	<u>\$ 1,131,631</u>



Nonmajor Governmental Funds

TOWN OF HADDAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds					
	Medical Insurance Reserve Fund	Material Testing	Small Cities Fund	Grants	Town Clerk	Historic Documents Preservation
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$ 10,265	\$ 3,860
Investments	132,497	15,577	65,204	48,169		
Loans receivable			85,540			
Due from other funds						
Total Assets	<u>\$ 132,497</u>	<u>\$ 15,577</u>	<u>\$ 150,744</u>	<u>\$ 48,169</u>	<u>\$ 10,265</u>	<u>\$ 3,860</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Claims payable	\$ 19,192	\$	\$	\$	\$	\$
Unearned revenue			19,428	11,693		
Total liabilities	<u>19,192</u>	<u>-</u>	<u>19,428</u>	<u>11,693</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable			85,540			
Restricted			45,776	36,476	10,265	3,860
Committed	113,305	15,577				
Assigned						
Total fund balances	<u>113,305</u>	<u>15,577</u>	<u>131,316</u>	<u>36,476</u>	<u>10,265</u>	<u>3,860</u>
Total Liabilities and Fund Balances	<u>\$ 132,497</u>	<u>\$ 15,577</u>	<u>\$ 150,744</u>	<u>\$ 48,169</u>	<u>\$ 10,265</u>	<u>\$ 3,860</u>

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TOWN OF HADDAM, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

	<u>Debt Service</u>	<u>Capital Projects</u>		
	<u>Debt Service Fund</u>	<u>Open Space Fund</u>	<u>Silver Spring Road Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$	\$	\$	\$ 14,125
Investments		39,323		300,770
Loans receivable				85,540
Due from other funds	<u>945,684</u>	<u></u>	<u>179,043</u>	<u>1,124,727</u>
Total Assets	<u>\$ 945,684</u>	<u>\$ 39,323</u>	<u>\$ 179,043</u>	<u>\$ 1,525,162</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Claims payable	\$	\$	\$	\$ 19,192
Unearned revenue				<u>31,121</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,313</u>
Fund Balances:				
Nonspendable				85,540
Restricted				96,377
Committed		39,323	179,043	347,248
Assigned	<u>945,684</u>	<u></u>	<u></u>	<u>945,684</u>
Total fund balances	<u>945,684</u>	<u>39,323</u>	<u>179,043</u>	<u>1,474,849</u>
Total Liabilities and Fund Balances	<u>\$ 945,684</u>	<u>\$ 39,323</u>	<u>\$ 179,043</u>	<u>\$ 1,525,162</u>

(Concluded)

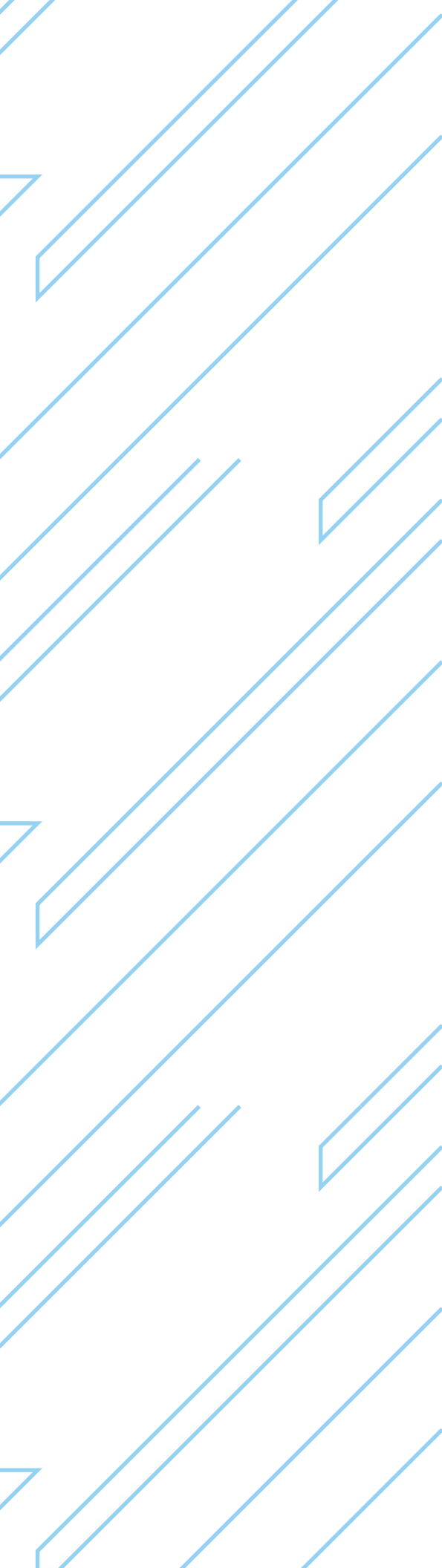
TOWN OF HADDAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds					
	Medical Insurance Reserve Fund	Material Testing	Small Cities Fund	Grants	Town Clerk	Historic Documents Preservation
Revenues:						
Intergovernmental	\$	\$	\$	\$ 51,821	\$	\$ 4,000
Charges for services					2,260	6,632
Interest income	464		235	31		
Other	28,185					
Total revenues	<u>28,649</u>	<u>-</u>	<u>235</u>	<u>51,852</u>	<u>2,260</u>	<u>10,632</u>
Expenditures:						
Current:						
General government			4,085	44,476	1,500	9,406
Excess (Deficiency) of Revenues over Expenditures	28,649	-	(3,850)	7,376	760	1,226
Other Financing Sources:						
Transfers in						
Net Change in Fund Balances	28,649	-	(3,850)	7,376	760	1,226
Fund Balances at Beginning of Year	<u>84,656</u>	<u>15,577</u>	<u>135,166</u>	<u>29,100</u>	<u>9,505</u>	<u>2,634</u>
Fund Balances at End of Year	<u>\$ 113,305</u>	<u>\$ 15,577</u>	<u>\$ 131,316</u>	<u>\$ 36,476</u>	<u>\$ 10,265</u>	<u>\$ 3,860</u>

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TOWN OF HADDAM, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Debt Service</u>	<u>Capital Projects</u>		
	<u>Debt Service Fund</u>	<u>Open Space Fund</u>	<u>Silver Spring Road Fund</u>	<u>Total</u>
Revenues:				
Intergovernmental	\$	\$	\$	\$ 55,821
Charges for services				8,892
Interest income		268		998
Miscellaneous			58,000	86,185
Total revenues	<u>-</u>	<u>268</u>	<u>58,000</u>	<u>151,896</u>
Expenditures:				
Current:				
General government				59,467
Public works			19,036	19,036
Debt service	<u>514,631</u>			<u>514,631</u>
Total expenditures	<u>514,631</u>	<u>-</u>	<u>19,036</u>	<u>593,134</u>
Excess (Deficiency) of Revenues over Expenditures	(514,631)	268	38,964	(441,238)
Other Financing Sources:				
Transfers in	<u>301,800</u>			<u>301,800</u>
Net Change in Fund Balances	(212,831)	268	38,964	(139,438)
Fund Balances at Beginning of Year	<u>1,158,515</u>	<u>39,055</u>	<u>140,079</u>	<u>1,614,287</u>
Fund Balances at End of Year	<u>\$ 945,684</u>	<u>\$ 39,323</u>	<u>\$ 179,043</u>	<u>\$ 1,474,849</u>
				(Concluded)



Trend Information

TABLE 1

TOWN OF HADDAM, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net investment in capital assets	\$ 19,497,944	\$ 19,347,962	\$ 19,108,187	\$ 19,196,389	\$ 19,169,725	\$ 18,323,649	\$ 17,438,822	\$ 16,317,621	\$ 15,755,793	\$ 14,815,567
Restricted	96,377	78,726	102,998	72,824	94,702	82,447	87,060	87,764	48,867	
Unrestricted	8,138,131	7,639,949	7,998,063	8,720,481	8,220,600	8,282,367	7,878,607	6,188,472	5,150,759	5,676,057
Total Net Position	<u>\$ 27,732,452</u>	<u>\$ 27,066,637</u>	<u>\$ 27,209,248</u>	<u>\$ 27,989,694</u>	<u>\$ 27,485,027</u>	<u>\$ 26,688,463</u>	<u>\$ 25,404,489</u>	<u>\$ 22,593,857</u>	<u>\$ 20,955,419</u>	<u>\$ 20,491,624</u>

TABLE 2

TOWN OF HADDAM, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN YEARS
(UNAUDITED)

		FISCAL YEAR									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:											
General government	\$	2,753,937	\$ 2,913,689	\$ 2,596,996	\$ 2,829,354	\$ 2,232,172	\$ 2,506,887	\$ 2,472,043	\$ 2,355,631	\$ 2,547,120	\$ 1,929,138
Public safety		1,088,719	1,043,013	1,149,444	1,167,256	1,082,302	1,178,583	1,195,176	1,056,072	1,043,980	1,188,301
Public works		2,460,422	3,176,518	3,087,324	2,989,389	2,673,437	2,340,587	1,412,438	2,564,669	3,700,466	4,108,764
Health and welfare		420,490	458,998	399,354	304,083	297,313	296,389	329,147	352,571	339,877	409,605
Culture and recreation		570,320	529,400	556,546	573,294	572,906	582,330	535,359	540,592	536,160	530,433
Education		24,076,806	23,682,299	23,465,940	22,376,890	21,414,632	20,918,591	20,170,062	19,463,675	19,468,254	20,293,804
Interest expense		231,367	197,538	60,535	67,998	184,219	33,854	9,320	13,031	20,194	34,279
Total Expenses		31,602,061	32,001,455	31,316,139	30,308,264	28,456,981	27,857,221	26,123,545	26,346,241	27,656,051	28,494,324
Program Revenues:											
General government		484,347	446,079	382,779	422,491	423,919	418,171	368,252	319,985	425,926	419,565
Public safety		32,838	43,369	37,034	48,036	41,405	3,616	27,230	19,990	9,118	10,785
Public works		1,493	2,450	2,950	15,226	18,933	2,550	1,700	6,383	2,010	550
Culture and recreation											19,004
Operating grants and contributions		2,067,690	2,493,850	1,999,234	1,907,610	1,842,432	1,905,281	1,923,734	1,483,498	1,550,295	1,762,836
Capital grants and contributions		377,190	392,009	331,649	826,991	323,388	445,476	930,657	1,028,344	1,817,785	287,594
Total Program Revenues		2,963,558	3,377,757	2,753,646	3,220,354	2,650,077	2,775,094	3,251,573	2,858,200	3,805,134	2,500,334
Net Expenses		(28,638,503)	(28,623,698)	(28,562,493)	(27,087,910)	(25,806,904)	(25,082,127)	(22,871,972)	(23,488,041)	(23,850,917)	(25,993,990)
General Revenues:											
Property taxes		29,016,224	28,347,096	27,636,712	27,769,110	26,373,612	26,202,674	25,321,337	24,872,125	23,938,914	23,467,854
Grants and contributions not restricted to specific programs		165,627	89,185	93,786	147,991	136,918	140,529	202,899	216,196	223,728	290,385
Investment income		57,582	38,159	51,349	30,738	21,559	18,235	29,394	36,014	75,386	88,462
Miscellaneous		64,885	6,647	200	161,748	71,379	4,663	128,974	2,144	3,252	1,054,739
Total General Revenues		29,304,318	28,481,087	27,782,047	28,109,587	26,603,468	26,366,101	25,682,604	25,126,479	24,241,280	24,901,440
Changes in Net Position	\$	665,815	\$ (142,611)	\$ (780,446)	\$ 1,021,677	\$ 796,564	\$ 1,283,974	\$ 2,810,632	\$ 1,638,438	\$ 390,363	\$ (1,092,550)

TABLE 3

**TOWN OF HADDAM, CONNECTICUT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)**

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund:										
Committed	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,072,947
Assigned			128,000							
Unassigned	4,886,482	4,686,412	4,673,377	4,265,947	3,769,261	3,671,221	3,195,092	2,571,591	2,024,803	2,199,680
Total General Fund	4,886,482	4,686,412	4,801,377	4,265,947	3,769,261	3,671,221	3,195,092	2,571,591	2,024,803 *	4,272,627
All other governmental funds:										
Nonspendable	85,540	85,540	66,112	103,542	103,542	103,542	103,542	86,338	96,338	96,338
Restricted	96,377	78,726	102,998	72,824	94,702	82,447	87,060	87,764	48,867	
Committed	6,882,792	7,650,809	3,054,851	3,145,272	2,863,616	2,677,302	3,122,005	3,557,058	2,964,149	915,168
Assigned	945,684	1,158,515	676,137	676,137	495,242	605,907				
Unassigned							(2,372,251)			
Total All Other Governmental Funds	8,010,393	8,973,590	3,900,098	3,997,775	3,557,102	3,469,198	940,356	3,731,160	3,109,354	1,011,506
Grand Total	\$ 12,896,875	\$ 13,660,002	\$ 8,701,475	\$ 8,263,722	\$ 7,326,363	\$ 7,140,419	\$ 4,135,448	\$ 6,302,751	\$ 5,134,157	\$ 5,284,133

* Amount reflects reduction of \$1,180,198 reclassified to the Capital Nonrecurring fund as of July 1, 2009

TABLE 4

TOWN OF HADDAM, CONNECTICUT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN YEARS
(UNAUDITED)

	FISCAL YEAR									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property taxes	\$ 29,037,666	\$ 28,231,741	\$ 28,685,674	\$ 27,718,031	\$ 26,605,805	\$ 26,074,511	\$ 25,282,077	\$ 24,955,511	\$ 23,772,257	\$ 23,260,475
Intergovernmental	2,588,607	2,949,688	2,402,823	2,360,087	2,350,169	2,321,156	2,659,811	2,124,657	1,944,228	2,340,816
Charges for services	525,563	498,545	422,963	479,529	472,122	429,002	449,408	348,485	440,306	453,993
Income from investments	57,583	38,159	51,349	30,738	21,559	18,235	29,394	35,752	75,124	88,462
Other	86,185			14,076	16,583		8,377	52,131	1,250	1,050,649
Total Revenues	32,295,604	31,718,133	31,562,809	30,602,461	29,466,238	28,842,904	28,429,067	27,516,536	26,233,165	27,194,395
Expenditures:										
Current:										
General government	2,427,138	2,707,350	2,371,401	2,275,707	2,205,925	2,454,567	2,546,891	2,229,545	2,430,042	2,613,575
Public safety	753,049	685,134	880,787	880,332	875,619	854,064	805,422	786,289	764,676	707,281
Public works	1,967,701	1,455,143	1,823,877	2,267,846	2,126,331	2,003,961	2,043,021	2,150,867	1,990,610	2,348,543
Health and welfare	420,490	458,998	399,354	304,083	297,313	296,389	329,147	352,571	339,877	302,024
Culture and recreation	519,111	517,526	529,841	535,287	518,521	513,115	497,520	502,753	498,885	466,090
Education	24,076,806	23,682,299	23,465,940	22,376,890	21,414,633	20,918,591	20,170,062	19,463,675	19,468,254	20,293,804
Debt service:										
Principal	465,000	140,000	187,897	185,959	184,099	42,313	40,600	73,988	327,236	192,103
Interest	245,596	175,865	66,388	71,826	76,487	122,669	9,321	13,031	13,417	34,279
Capital outlay	2,183,840	3,673,434	1,399,571	921,067	1,600,866	1,502,821	4,154,386	775,223	1,220,392	584,040
Total Expenditures	33,058,731	33,495,749	31,125,056	29,818,997	29,299,794	28,708,490	30,596,370	26,347,942	27,053,389	27,541,739
Excess (Deficiency) of Revenues over Expenditures	(763,127)	(1,777,616)	437,753	783,464	166,444	134,414	(2,167,303)	1,168,594	(820,224)	(347,344)
Other Financing Sources (Uses):										
Capital lease										
Issuance of debt		6,480,000				2,800,000				
Bond premium		256,143				70,557				
Proceeds from sale of property				153,895	19,500				877,500	
Transfers in	1,301,800	1,770,158	1,047,200	969,189	1,765,881	1,093,103	1,295,102	1,269,758	1,631,707	15,379
Transfers out	(1,301,800)	(1,770,158)	(1,047,200)	(969,189)	(1,765,881)	(1,093,103)	(1,295,102)	(1,269,758)	(1,631,707)	(15,379)
Total Other Financing Sources	-	6,736,143	-	153,895	19,500	2,870,557	-	-	877,500	-
Net Change in Fund Balances	\$ (763,127)	\$ 4,958,527	\$ 437,753	\$ 937,359	\$ 185,944	\$ 3,004,971	\$ (2,167,303)	\$ 1,168,594	\$ 57,276	\$ (347,344)
Debt Service as a Percentage to Noncapital Expenditures	2.36%	1.07%	0.86%	0.90%	0.95%	0.61%	0.24%	0.34%	1.32%	0.84%

TABLE 5

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

	Year Ended June 30	Grand List	Real Estate		Personal Property			Totals			Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Rate
			Assessed Value	Estimated Actual Value	Motor Vehicle Assessed Value	Personal Property Assessed Value	Total Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value		
59	2018	2016	\$ 765,230,860	\$ 1,093,186,943	\$ 70,590,550	\$ 72,866,900	\$ 143,457,450	\$ 204,939,215	\$ 908,688,310	\$ 1,298,126,158	70.00%	31.69
	2017	2015	762,042,020	1,088,631,458	67,644,040	76,380,285	144,024,325	205,749,036	906,066,345	1,284,380,492	70.00%	31.20
	2016	2014	787,180,238	1,124,543,197	67,823,300	57,861,310	125,684,610	179,549,443	912,864,848	1,304,092,640	70.00%	31.20
	2015	2013	781,678,908	1,116,684,154	67,373,700	56,187,465	123,561,165	176,515,950	905,240,073	1,293,200,104	70.00%	30.39
	2014	2012	776,968,167	1,109,954,524	65,823,552	56,902,665	122,726,217	175,323,167	899,694,384	1,285,277,691	70.00%	28.99
	2013	2011	775,066,628	1,107,238,040	55,704,642	66,533,310	122,237,952	174,625,646	897,304,580	1,281,863,686	70.00%	29.48
	2012	* 2010	771,626,576	1,102,323,680	63,766,620	54,944,042	118,710,662	169,586,660	890,337,238	1,271,910,340	70.00%	28.23
	2011	2009	787,724,543	1,125,320,776	58,956,034	51,565,818	110,521,852	157,888,360	898,246,395	1,283,209,136	70.00%	27.40
	2010	2008	775,879,800	1,108,399,714	56,894,800	53,879,372	110,774,172	158,248,817	886,653,972	1,266,648,531	70.00%	26.40
	2009	2007	769,144,310	1,098,777,586	60,163,615	54,670,604	114,834,219	164,048,884	883,978,529	1,262,826,470	70.00%	26.00

* Revaluation performed for Grand List year

TABLE 6

**TOWN OF HADDAM, CONNECTICUT
PRINCIPAL TAXPAYERS
2016 GRAND LIST
(UNAUDITED)**

Taxpayer	(1) Assessment	Rank	Percent of Net Taxable Grand List
Connecticut Yankee Atomic Power Company	\$ 44,181,040	1	4.86%
Connecticut Light & Power	41,913,990	2	4.61%
MCAP Sabine Pointe LLC	7,820,940	3	0.86%
Riverhouse Properties, LLC	2,108,730	4	0.23%
The Davidson Company	2,037,160	5	0.22%
Bridge Street Associates	1,487,430	6	0.16%
Rodgers Realty LLC	1,473,220	7	0.16%
Camp Betherl Assoc., Inc.	1,463,320	8	0.16%
WFS Earth Materials LLC	1,239,940	9	0.14%
Haddam Self Storage	<u>1,206,000</u>	10	<u>0.13%</u>
	<u>\$ 104,931,770</u>		<u>11.53%</u>

Source: Town Assessor Department.

(1) The net taxable grand list as of October 1, 2016 totaled \$908,688,310

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

Year Ended June 30	(1) (2) Tax Rate In Mills	Grand List Of October 1,	Total Adjusted Tax Levy	Net Current Tax Collections	Percent of Current Levy Collected	Total Collections to Date			
						Collections in Subsequent Years	Total Collections	Percentage of Levy Collected	Current Delinquent Balance
2018	31.69	2016	\$ 28,916,621	\$ 28,665,940	99.1%	\$ -	\$ 28,665,940	99.1%	\$ 250,681
2017	31.20	2015	28,157,815	27,883,290	99.0%	173,831	28,057,121	99.6%	100,694
2016	31.20	2014	28,544,380	28,250,410	99.0%	247,776	28,498,186	99.8%	46,194
2015	30.39	2013	27,531,502	27,265,986	99.0%	233,150	27,499,136	99.9%	32,366
2014	28.99	2012	26,502,050	26,201,284	98.9%	263,220	26,464,504	99.9%	37,546
2013	29.48	2011	25,987,612	25,722,557	99.0%	232,775	25,955,332	99.9%	32,280
2012	28.23	2010	25,123,509	24,809,142	98.7%	286,762	25,095,904	99.9%	27,605
2011	27.40	2009	24,653,639	24,322,687	98.7%	309,035	24,631,722	99.9%	21,917
2010	26.40	2008	23,381,524	23,079,561	98.7%	287,206	23,366,767	99.9%	14,757
2009	26.00	2007	22,944,559	22,591,741	97.3%	345,361	22,937,102	100.0%	7,457

Source: Town Audit Reports.

(1) There are no overlapping of tax rates.

(2) Tax levy is per \$1,000 of the assessed value of taxable property.

**TOWN OF HADDAM, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
(UNAUDITED)**

Year Ended June 30	Long-Term Debt Outstanding					Percentage of Personal Income	Debt Per Capita
	Bonds Payable	Bond Premium	Notes Payable	Capital Leases	Total		
2018	\$ 8,255,000	\$ 296,253	\$	\$	\$ 8,255,000	1.20%	\$ 999
2017	8,720,000	309,060			8,720,000	1.15%	1,046
2016	2,380,000	56,445			2,380,000	4.16%	286
2015	2,520,000	59,973		47,897	2,567,897	3.89%	307
2014	2,660,000	63,501		93,856	2,753,856	3.24%	331
2013	2,800,000	67,029		137,955	3,004,984	3.13%	358
2012				180,268	180,268	52.14%	22
2011				220,868	220,868	44.32%	27
2010				294,858	294,858	33.20%	37
2009			250,000	365,317	615,317	15.86%	77

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

TABLE 9

TOWN OF HADDAM, CONNECTICUT
RATIO OF LONG-TERM DEBT TO NET ASSESSED VALUE AND LONG-TERM
DEBT PER CAPITA
LAST TEN YEARS
(UNAUDITED)

Year Ended June 30	(1) Population	(2) Net Assessed Value	(3) Total Debt	Ratio of Total Debt To Net Assessed Value	Debt Per Capita
2018	8,264	\$ 908,688,310	\$ 8,255,000	0.91%	\$ 999
2017	8,338	906,066,345	8,720,000	0.96%	1,046
2016	8,333	912,864,848	2,380,000	0.26%	286
2015	8,366	905,240,073	2,567,897	0.28%	307
2014	8,308	899,694,384	2,753,856	0.31%	331
2013	8,383	897,304,580	3,004,984	0.33%	358
2012	8,366	890,337,238	180,268	0.02%	22
2011	8,155	898,246,395	220,868	0.02%	27
2010	7,914	886,653,972	294,858	0.03%	37
2009	7,954	883,978,529	615,317	0.07%	77

Sources:

- (1) CERC Town Report
- (2) Town Assessor's Department
- (3) From Table 8

**TOWN OF HADDAM, CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374 (b)
FOR THE YEAR ENDED JUNE 30, 2018
(UNAUDITED)**

Prior year property taxes, interest and lien fees collections					\$ <u>28,347,096</u>
	<u>General Purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt Limitation:					
2 1/4 times base	\$ 63,780,966	\$	\$	\$	\$
4 1/2 times base		127,561,932			
3 3/4 times base			106,301,610		
3 1/4 times base				92,128,062	
3 times base					85,041,288
Total debt limitation	<u>63,780,966</u>	<u>127,561,932</u>	<u>106,301,610</u>	<u>92,128,062</u>	<u>85,041,288</u>
Indebtedness:					
Bonds payable	8,255,000				
Haddam share of Regional School District No. 17 debt		<u>3,754,697</u>			
Total indebtedness	<u>8,255,000</u>	<u>3,754,697</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	\$ <u>55,525,966</u>	\$ <u>123,807,235</u>	\$ <u>106,301,610</u>	\$ <u>92,128,062</u>	\$ <u>85,041,288</u>
The total net indebtedness above amounts to:					\$ <u>12,009,697</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation					\$ <u>198,429,672</u>

**TOWN OF HADDAM, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
(UNAUDITED)**

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
2018	\$ 198,429,672	\$ 12,009,697	\$ 210,439,369	6.05%
2017	198,226,084	13,396,346	184,829,738	6.76%
2016	200,296,383	8,082,599	192,213,784	4.04%
2015	194,148,983	9,168,480	184,980,503	4.72%
2014	186,310,376	10,308,668	176,001,708	5.53%
2013	182,614,250	11,064,373	171,549,877	6.06%
2012	177,009,133	12,187,900	164,821,233	6.89%
2011	174,173,846	10,106,250	164,067,596	5.80%
2010	165,350,276	11,400,000	153,950,276	6.89%
2009	161,850,892	12,533,500	149,317,392	7.74%

TABLE 12

**TOWN OF HADDAM, CONNECTICUT
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(UNAUDITED)**

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Year Ended	(1) Population	(2) Median Household Income	(3) Median Age	(2) Education Attainment			(4) School Enrollment	(5) Unemployment Percentage
				High School Graduate	Some College	Bachelor Or More		
2018	8,264	\$ 99,258	48	25%	11%	46%	1,228	3.3%
2017	8,338	99,866	46	25%	11%	46%	1,252	3.6%
2016	8,333	99,010	45	25%	10%	45%	1,248	2.9%
2015	8,366	99,985	44	24%	27%	49%	1,287	2.7%
2014	8,308	89,184	44	24%	27%	43%	1,328	5.1%
2013	8,383	93,987	44	29%	27%	39%	1,335	5.9%
2012	8,366	93,987	44	29%	27%	39%	1,375	6.1%
2011	8,155	97,892	44	31%	25%	37%	1,353	6.4%
2010	7,914	97,892	44	31%	25%	37%	1,368	4.0%
2009	7,954	97,561	44	31%	27%	34%	1,394	4.7%

- (1) Source: State of Connecticut, Department of Public Health and Addiction Services
(2) Connecticut Economic Resource Center, Inc.
(3) U.S. Department of Commerce, Bureau of Census
(4) Regional School District No. 17 annual budget
(5) Connecticut Labor Department - Research and Statistics