

Town of Haddam, Connecticut



Comprehensive Financial Report

For the Year Ended June 30, 2020

Town of Haddam, Connecticut
Comprehensive Financial Report
For the Year Ended June 30, 2020

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Introductory Section

Town of Haddam, Connecticut

Principal Officials June 30, 2020

Board of Selectmen

Robert McGarry, First Selectman
Kate Anderson
Sean Moriarty

Board of Finance

Members

Joseph Centofanti, Chairman
Wayne Ruty, Vice Chairman
Marc Adelberg
David Challenger
Harlan Fredricksen
Sandy Olsen

Tim Teran

Alternates

Peter Baird
Audrey Brookes
Richard Wells

Administration

Finance Director/Treasurer	Barbara Bertrand
Tax Collector	Kristin Battistoni
Town Clerk	Scott Brookes
Town Planner	William Warner
Building Official	Gary Vivian
Assistant Public Works Director	Chris Corsa
Assessor	Tammy Anderson
Social Services	Jessica Condil

Financial Section



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, 2020, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Haddam, Connecticut as of June 30, 2020, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haddam, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and trend information 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The trend information 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2021 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

Board of Finance
Town of Haddam, Connecticut

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 do not provide an opinion on the effectiveness of the Town of Haddam, Connecticut's internal control over financial reporting or on compliance or the results of that testing. 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

West Hartford, Connecticut
April 28, 2021



Town of Haddam, Connecticut

Management's Discussion and Analysis For the Year Ended June 30, 2020

As management of the Town of Haddam, Connecticut ("Town"), 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, 2020. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial highlights

- On a government-wide basis, the assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as follows:

Change in net position	\$ 6,938,438
Total net position	39,234,216
Unrestricted net position	12,251,868

- The significant fund financial factors for the increase are as follows:

➤ positive operations of the general fund of	106,901
➤ positive operations of the capital nonrecurring fund of	1,407,147
➤ positive operations of the infrastructure fund of	1,798,388
➤ positive operations of other governmental funds of	1,092,493

Conversion to accrual basis on Exhibit E:

➤ capital outlay net of depreciation expense of	8,673,878
➤ net principal debt activity of	(6,545,676)
➤ change in net pension liability of	593,400
➤ amortization of pension deferred inflows of resources of	(444,025)

- The Town's capital assets increased by \$8,646,527 mostly due to construction in progress activity for road and infrastructure projects totaling \$6,949,068, new public works trucks of \$1,074,957 and new radio purchase for the volunteer fire departments.
- The Town's long-term debt increased by \$5,985,000 during the current fiscal year due to a \$6,450,000 issuance of debt exceeding scheduled principal payments of \$465,000.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$16,714,442, an increase of \$4,404,929 in comparison with the prior year. The majority of the increase is due to the fund financial factors noted above.

- Positive operations of the capital nonrecurring fund and infrastructure fund is substantially due to a \$6,450,000 issuance of debt.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,323,292, an increase of \$106,901 in comparison with the prior year. This unassigned balance represents 16.20% of total budgetary general fund expenditures and transfers out.
- The general fund positive operations of \$106,901, are substantially due to an increase in expected revenue of \$73,542 and spending savings of \$33,359.

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

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, culture and recreation and education.

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.

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 earned but unused vacation and sick leave).

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 infrastructure 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 other governmental funds is provided in the form of combining statements in Schedules 3 and 4 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to 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.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information as follows:

- A budgetary comparison schedule for the General Fund to demonstrate compliance with this budget.
- Schedules to demonstrate the Town's progress in funding its obligation to provide pension benefits.

Other information. Other required schedules and the combining statements and supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information section.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,234,216 at the close of the fiscal year.

The largest portion of the Town's net position reflects its investment in capital assets (e.g., land, buildings and improvements, 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.

\$115,532 of the Town's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals \$12,251,868 and may be used to meet the Town's ongoing obligations to citizens and creditors.

The analysis below focuses on the net position and changes in net position. Unrestricted net position increased by \$756,890 from the prior year.

Summary Statement of Net Position
June 30

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 19,011,431	\$ 15,170,418
Capital assets (net)	<u>37,389,646</u>	<u>28,743,119</u>
Total assets	<u>56,401,077</u>	<u>43,913,537</u>
Deferred outflows of resources	<u>435,776</u>	<u>383,353</u>
Current liabilities outstanding	1,936,978	1,924,716
Long-term liabilities outstanding	<u>15,150,410</u>	<u>10,005,172</u>
Total liabilities	<u>17,087,388</u>	<u>11,929,888</u>
Deferred inflows of resources	<u>515,249</u>	<u>71,224</u>
Net position:		
Net investment in capital assets	26,866,816	20,673,201
Restricted	115,532	127,599
Unrestricted	<u>12,251,868</u>	<u>11,494,978</u>
Total net position	<u><u>\$ 39,234,216</u></u>	<u><u>\$ 32,295,778</u></u>

Net position may serve over time as a useful indicator of a Town's financial position. The Town's net position increased \$6,938,438 as detailed below.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

**Statement of Changes in Net Position
For the Years Ended June 30**

	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 578,342	\$ 639,178
Operating grants and contributions	2,109,543	2,037,486
Capital grants and contributions	5,012,844	4,118,056
General revenues:		
Property taxes	30,398,767	30,496,058
Grants and contributions not restricted to specific programs	12,246	48,605
Income from investments	157,098	85,530
Other	16,527	32,021
Total revenues	<u>38,285,367</u>	<u>37,456,934</u>
Expenses:		
General government	1,668,930	2,121,145
Public safety	1,282,459	1,118,558
Public works	3,195,105	3,902,733
Health and welfare	487,206	477,182
Culture and recreation	500,632	521,505
Education	24,025,584	24,531,502
Interest	187,013	220,983
Total expenses	<u>31,346,929</u>	<u>32,893,608</u>
Change in net position	6,938,438	4,563,326
Net position - July 1	<u>32,295,778</u>	<u>27,732,452</u>
Net position - June 30	<u><u>\$ 39,234,216</u></u>	<u><u>\$ 32,295,778</u></u>

Key elements of this increase are as follows:

Revenues:

- Capital grants and contributions increased by \$894,788 due to the following projects:
 - Dublin Hill bridge revenues increased by \$1,241,086
 - Tylerville water project decreased by 465,441
- Income from investments increased by \$71,568 due to the increase in interest rates up until the start of the pandemic

Expenses

- General government expenses decreased by \$452,215 due to the decrease in pension liability
- Public safety expenses increased \$163,901 due to the budget and an increase in depreciation expense for the new vehicle purchases
- Education expenses decreased \$505,918 due to the decrease in the Regional 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 expendable 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 \$16,714,442, an increase of \$4,404,929 in comparison with the prior year.

The components of fund balance was as follows:

Restricted	\$ 115,532
Committed	9,111,863
Assigned	2,163,755
Unassigned	<u>5,323,292</u>
Total	<u><u>\$ 16,714,442</u></u>

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 \$5,323,292. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 16.20% of total general fund expenditures and transfers out.

General fund operating results were an increase in fund balance of \$106,901. Key factors related to the operating results of the general fund were as follows:

Revenue factors

- Charges for services were in excess of budget by \$42,406, \$39,175 is due to additional transfer station permits and \$7,104 due to an increase in conveyance taxes.
- Intergovernmental revenues were in excess of the budget by \$13,007 due to the receipt of the highway safety grant for driving under the influence.

Expenditure factors

- After the transfers detailed below, expenditures were in line with the final budget. Unexpended budgets for town counsel, central services, contingency, snow removal and were transferred to the capital and nonrecurring fund.

General Fund Budgetary Highlights

Budget Transfers

- Transfers out to the capital and nonrecurring fund was increased by \$887,000 funded from both additional revenue appropriations and transfers from various departments as follows:

Additional revenue appropriations	\$ 464,979
Transfer from other departments	
General government	95,481
Public safety	110,452
Public works	79,662
Health and welfare	8,573
Education	<u>127,853</u>
Total	<u>\$ 887,000</u>

Capital Nonrecurring Fund. This fund accounts for the Town's annual budget appropriation that is the funding for the Town's twenty year capital plan. The twenty year capital plan includes funding for over 130 separate projects, many of which are being funded over multiple years. The capital nonrecurring fund's revenues and other financing sources (transfers in) exceeded its expenditures by \$1,407,147 due substantially to debt issuance of \$2,775,000 and an additional year-end transfer from the general fund of \$887,000 as discussed above. The projects to be funded with the year-end transfers will be determined by the most immediate needs of the Town. Total fund balance at year end totaled \$4,960,314.

Infrastructure Fund. This fund accounts for the bonds issued for road reconstruction projects. The infrastructure fund's revenues and other financing sources (transfers in) exceeded its expenditures by \$1,798,388 due substantially to debt issuance in the current year of \$3,675,000. Total fund balance at year end totaled \$4,048,034.

Capital assets and debt administration

Capital assets. The Town's investment in capital assets totaled \$37,389,646 (net of accumulated depreciation). The net increase in the Town's investment in capital assets for the current fiscal year was \$8,646,527. The Town's capital asset purchases are approved in the capital budget.

This significant increases are detailed below.

Capital Assets
(Net of Accumulated Depreciation)
June 30

	<u>2020</u>	<u>2019</u>
Land	\$ 995,583	\$ 934,383
Construction in progress	9,021,125	5,645,506
Land improvements	3,401,166	3,485,193
Buildings and improvements	3,003,887	2,723,281
Machinery and equipment	1,248,238	152,448
Vehicles	16,627,577	2,370,674
Infrastructure	<u>3,092,070</u>	<u>13,431,634</u>
Total	<u>\$ 37,389,646</u>	<u>\$ 28,743,119</u>

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

- Land and building additions were for the purchase of Haddam Elementary School
- Construction in progress activity for road reconstruction projects and infrastructure totaled \$6,949,068
- Machinery and equipment purchases include \$755,942 for new radios, and SCBA replacements totaling \$240,000 for the fire departments
- New public works vehicles purchased totaling \$1,074,957. The majority of the vehicles purchased were plow trucks.
- Completed roads from construction in progress totaled \$3,573,449

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

Long-term debt. At the end of the current fiscal year, the Town had total debt outstanding of \$13,775,000. All debt is backed by the full faith and credit of the Town.

Long-Term Debt
June 30

	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 13,325,000	\$ 7,790,000
Notes payable	<u>450,000</u>	<u>-</u>
Total	<u>\$ 13,775,000</u>	<u>\$ 7,790,000</u>

The Town's debt increased by \$5,985,000, net of \$465,000 in scheduled principle payments. The net increase is due to:

- Bonds issued for roads and other infrastructure projects totalling \$6,000,000.
- Notes payable for the purchase of Haddam Elementary School from Regional School District No. 17 for \$450,000.

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 \$211,328,558, 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 III. F.

Economic factors and next year's budgets and rates

- As of June 30, 2020, the unemployment rate for the Town was 7.3%, which is an increase from a rate of 2.8% a year ago. The Town's rate is favorable as compared to the State unemployment rate of 10.1% and national unemployment rate of 11.1%.
- State revenues continue to be flat, but there are federal grants available to fund the cost of expected corona virus related expenditures.
- The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. There is minimal impact as prior year tax collections in 2020 were in line with budgeted amounts. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the payment deferral and interest rate reduction programs. For the collection period ended July 31, 2020, current year collections were in line with the prior year.

These factors were considered in preparing the Town's budget for the 2021 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
Governmental Activities
June 30, 2020

Assets

Current assets:	
Cash	\$ 6,841,854
Investments	8,942,235
Receivables (net):	
Property taxes	265,287
Intergovernmental	1,751,932
Other	24,375
	<hr/>
Total current assets	17,825,683
Noncurrent assets:	
Restricted assets:	
Temporarily restricted:	
Cash	165,255
	<hr/>
Receivables (net):	
Property taxes	233,377
Loans	85,540
	<hr/>
Total receivables (net)	318,917
	<hr/>
Other noncurrent assets:	
Property held for sale	701,576
	<hr/>
Capital assets (net of accumulated depreciation):	
Land	995,583
Construction in progress	9,021,125
Buildings and improvements	3,003,887
Land improvements	3,401,166
Machinery and equipment	1,248,238
Vehicles	3,092,070
Infrastructure	16,627,577
	<hr/>
Total capital assets (net of accumulated depreciation)	37,389,646
	<hr/>
Total noncurrent assets	38,575,394
	<hr/>
Total assets	56,401,077
	<hr/>

Deferred Outflows of Resources

Pension related	435,776
	<hr/>
	(Continued)

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

Town of Haddam, Connecticut

Statement of Net Position
Governmental Activities
June 30, 2020

Liabilities

Liabilities:

Current liabilities:

Accounts payable	\$ 713,513
Accrued payroll and related liabilities	87,000
Retainage payable	119,013
Accrued interest payable	52,759
Overpayments	11,968
Bonds and notes payable	915,000
Compensated absences	28,440
Landfill postclosure	9,285
	<hr/>

Total current liabilities	<hr/> 1,936,978 <hr/>
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Noncurrent liabilities:

Performance bonds	165,255
Bonds, notes and related liabilities	13,655,864
Compensated absences	28,439
Landfill postclosure	204,278
Net pension liability	1,096,574
	<hr/>

Total noncurrent liabilities	<hr/> 15,150,410 <hr/>
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Total liabilities	<hr/> 17,087,388 <hr/>
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Deferred Inflows of Resources

Pension related	<hr/> 515,249 <hr/>
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Net Position

Net investment in capital assets	26,866,816
Restricted for:	
General government	17,784
Health and welfare	4,094
Community development programs	93,654
Unrestricted	<hr/> 12,251,868 <hr/>
Total net position	<hr/> \$ 39,234,216 <hr/>

(Concluded)

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

Town of Haddam, Connecticut

**Statement of Activities
Governmental Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
General government	\$ 1,668,930	\$ 198,992	\$ 53,764	\$ -	\$ (1,416,174)
Public safety	1,282,459	3,421	-	-	(1,279,038)
Public works	3,195,105	355,051	-	5,012,844	2,172,790
Health and welfare	487,206	20,878	47,059	-	(419,269)
Culture and recreation	500,632	-	-	-	(500,632)
Education	24,025,584	-	2,008,720	-	(22,016,864)
Interest	187,013	-	-	-	(187,013)
Total	<u>\$ 31,346,929</u>	<u>\$ 578,342</u>	<u>\$ 2,109,543</u>	<u>\$ 5,012,844</u>	<u>(23,646,200)</u>
General revenues:					
Property taxes					30,398,767
Grants and contributions not restricted to specific programs					12,246
Income from investments					157,098
Other					<u>16,527</u>
Total general revenues					<u>30,584,638</u>
Change in net position					6,938,438
Net position - July 1, 2019					<u>32,295,778</u>
Net position - June 30, 2020					<u>\$ 39,234,216</u>

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

Town of Haddam, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

	General	Capital Nonrecurring Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 1,611,842	\$ 427,523	\$4,751,799	\$ 50,690	\$ 6,841,854
Restricted cash	165,255	-	-	-	165,255
Investments	6,633,089	2,095,070	-	214,076	8,942,235
Receivables:					
Property taxes	496,208	-	-	-	496,208
Intergovernmental	1,046	1,750,886	-	-	1,751,932
Loans	-	-	-	85,540	85,540
Accounts	24,375	-	-	-	24,375
Due from other funds	1,733	1,031,063	2,608	2,108,537	3,143,941
Total assets	<u>\$ 8,933,548</u>	<u>\$ 5,304,542</u>	<u>\$4,754,407</u>	<u>\$2,458,843</u>	<u>\$21,451,340</u>
<u>Liabilities</u>					
Accounts payable	\$ 388,961	\$ 230,223	\$ 85,625	\$ 8,704	\$ 713,513
Accrued payroll and related liabilities	87,000	-	-	-	87,000
Retainage payable	-	114,005	5,008	-	119,013
Due to other funds	2,460,864	-	615,740	67,337	3,143,941
Performance bonds	165,255	-	-	-	165,255
Overpayments	11,968	-	-	-	11,968
Total liabilities	<u>3,114,048</u>	<u>344,228</u>	<u>706,373</u>	<u>76,041</u>	<u>4,240,690</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	<u>496,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,208</u>
<u>Fund Balances</u>					
Restricted	-	-	-	115,532	115,532
Committed	-	4,960,314	4,048,034	103,515	9,111,863
Assigned	-	-	-	2,163,755	2,163,755
Unassigned	<u>5,323,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,323,292</u>
Total fund balances	<u>5,323,292</u>	<u>4,960,314</u>	<u>4,048,034</u>	<u>2,382,802</u>	<u>16,714,442</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,933,548</u>	<u>\$ 5,304,542</u>	<u>\$4,754,407</u>	<u>\$2,458,843</u>	<u>\$21,451,340</u>

(Continued)

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

Town of Haddam, Connecticut

**Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2020**

Amounts reported in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1)	\$16,714,442
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	28,743,119
Current year additions (net of construction in progress)	9,649,469
Depreciation expense	(975,591)
Disposal of assets	(27,351)

Other long-term assets and deferred outflows of resources are not available resources and, therefore, are not reported in the funds:

Property tax interest and lien accrual	142,456
Allowance for doubtful accounts	(140,000)
Deferred outflows related to pensions	435,776

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

Property taxes - accrual basis change	496,208
Property held for sale	701,576

Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(13,775,000)
Premium	(795,864)
Compensated absences	(56,879)
Net pension liability	(1,096,574)
Landfill postclosure liability	(213,563)
Accrued interest payable	(52,759)
Deferred inflows related to pensions	(515,249)

Net position (Exhibit A)	<u>\$39,234,216</u>
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(Concluded)

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

Town of Haddam, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2020

	General	Capital Nonrecurring Fund	Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 30,178,847	\$ -	\$ -	\$ -	\$30,178,847
Intergovernmental	2,069,230	5,012,844	-	34,910	7,116,984
Charges for services	545,906	-	-	32,436	578,342
Income from investments	152,819	3,086	6	1,187	157,098
Contributions	-	-	-	17,649	17,649
Other	16,527	-	-	-	16,527
Total revenues	32,963,329	5,015,930	6	86,182	38,065,447
Expenditures:					
Current:					
General government	2,357,453	-	-	84,952	2,442,405
Public safety	803,139	-	-	-	803,139
Public works	2,086,841	-	-	-	2,086,841
Health and welfare	369,695	-	-	42,980	412,675
Culture and recreation	478,601	-	-	-	478,601
Education	24,025,584	-	-	-	24,025,584
Debt service	688,115	-	-	-	688,115
Capital outlay	-	7,876,683	1,876,618	1,433	9,754,734
Total expenditures	30,809,428	7,876,683	1,876,618	129,365	40,692,094
Excess (deficiency) of revenues over expenditures	2,153,901	(2,860,753)	(1,876,612)	(43,183)	(2,626,647)
Other financing sources (uses):					
Issuance of debt	-	2,775,000	3,675,000	-	6,450,000
Premium	-	-	-	560,676	560,676
Sale of capital assets	-	20,900	-	-	20,900
Transfers in	-	1,472,000	-	575,000	2,047,000
Transfers out	(2,047,000)	-	-	-	(2,047,000)
Net other financing sources (uses)	(2,047,000)	4,267,900	3,675,000	1,135,676	7,031,576
Net change in fund balances	106,901	1,407,147	1,798,388	1,092,493	4,404,929
Fund balances - July 1, 2019	5,216,391	3,553,167	2,249,646	1,290,309	12,309,513
Fund balances - June 30, 2020	\$ 5,323,292	\$4,960,314	\$ 4,048,034	\$2,382,802	\$16,714,442

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

Town of Haddam, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2020**

Amounts reported in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 4,404,929
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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 expense:

Capital outlay	9,649,469
Depreciation expense	(975,591)
Total	8,673,878

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Disposal of capital assets	(27,351)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Change in property tax - accrual basis change	183,363
Change in property tax interest and lien revenue	36,557
Total	219,920

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

Debt issued or incurred:	
Issuance of bonds and notes	(6,450,000)
Premium	(560,676)
Principal repayments:	
General obligation bonds	465,000
Total	(6,545,676)

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

Town of Haddam, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2020**

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

Amortization of premium	\$ 44,730
Change in:	
Compensated absences	(34,447)
Net pension liability	593,400
Landfill postclosure liability	9,285
Accrued interest payable	(8,628)
Change in deferred outflows related to pension	52,423
Change in deferred inflows related to pension	<u>(444,025)</u>
Total	<u>212,738</u>
Change in net position (Exhibit B)	<u><u>\$ 6,938,438</u></u>

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

Town of Haddam, Connecticut
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Pension Trust Fund
	<hr/>
<u>Assets</u>	
Investments:	
Mutual funds:	
Equity	\$ 2,642,643
International equity	1,168,856
Bond	2,144,524
Real estate	186,612
Annuity	324,949
	<hr/>
Total investments	6,467,584
	<hr/>
<u>Net Position</u>	
Restricted for:	
Pension benefits	\$ 6,467,584
	<hr/> <hr/>

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

Town of Haddam, Connecticut

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2020

	Pension Trust Fund
Additions:	
Employer contributions	<u>\$ 578,255</u>
Investment income (loss):	
Net change in fair value of investments	106,267
Interest and dividends	<u>6,191</u>
Net investment income (loss)	<u>112,458</u>
Total additions	<u>690,713</u>
Deductions:	
Benefits	412,708
Administration	<u>36,427</u>
Total deductions	<u>449,135</u>
Changes in net position	241,578
Net position - July 1, 2019	<u>6,226,006</u>
Net position - June 30, 2020	<u><u>\$ 6,467,584</u></u>

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

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****History and organization**

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 general government, public safety, public works, health and welfare, culture and recreation, and education, 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.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

I. Summary of significant accounting policies**A. 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. *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 is 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, proprietary 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.

B. 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 proprietary fund and fiduciary fund financial statements. Agency funds do not have a measurement focus but are accounted for using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

B. Measurement focus, basis of accounting and financial statement presentation (continued)

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. In addition, the Town considers reimbursement grants 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 compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

Expenditure reimbursement type grants, certain intergovernmental revenues, charges for services, transfers and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund	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	Accounts for and reports resources and expenditures that are restricted, committed or assigned for capital improvements and equipment.
Infrastructure Fund	Accounts for the construction and maintenance of Town roads.

Additionally, the Town reports the following fund types:

Special Revenue Funds	Accounts for and report the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.
Capital Project Funds	Accounts for and reports resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.
Debt Service Fund	Accounts for and report resources and expenditures that are assigned for the repayment of debt.
Pension Trust Funds	Accounts for the activities of the Town of Haddam Retirement Plan and the Town of Haddam Volunteer Firefighters' Merit Service Retirement Plan, which accumulate resources for pension benefit payments to qualified employees.

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

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town's pension plans, have been determined on the same basis as they are reported by the Town's pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

C. Assets, liabilities, deferred outflows/inflows of resources and equity**1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes, the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

b. Investments

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool or no-load, open-end management type investment company or investment trust (as defined), in obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Income from investment is recorded in the fund in which it was earned.

State Treasurers Investment Fund is an investment pool managed by the State of Connecticut Office of the State Treasurer. Investments must be made in instruments authorized by Connecticut General Statutes 3-27c - 3-27e. Investment guidelines are adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares.

The Town's pension funds have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

The investment guidelines for both plans re as follows:

Asset Class	Target Allocation
Domestic equity	42.00%
International equity	18.00%
Fixed income	33.00%
Alternatives	3.00%
Cash equivalents	4.00%
Total	<u>100.00%</u>

c. Method used to value investments

Investments for the Town are reported at fair value except as described below. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Fair value of investments

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1	Quoted prices for identical investments in active markets
Level 2	Quoted prices for identical investments in markets that are not active
Level 3	Unobservable inputs

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**d. Risk policies**

Interest rate risk	Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
Credit risk	Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.
Concentration of credit risk	Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.
Custodial credit risk	Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town's policy follows the State of Connecticut requirements that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.
Foreign currency risk	Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect the foreign currency risk.

2. Receivables and payables**a. Interfunds**

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 non-current portion of interfund loans).

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**b. Property taxes and other receivables**

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 20.2% to 28.1% of outstanding receivable balances and are calculated based upon prior collections.

Property taxes are assessed on property as of October 1. Taxes are billed in the following July and are due in two installments, July 1 and January 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, on July 1, and supplemental motor vehicle taxes are due in full January 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

3. Restricted assets

The restricted assets for the Town are restricted for performance bonds. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets 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 the capitalization threshold for that asset type and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are defined by the Town as assets with an initial individual cost by asset type as detailed below. Property, plant and equipment of the Town are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Land	N/A	All
Building and improvements	40-75	\$ 20,000
Land improvements	40-50	20,000
Machinery and equipment	10-50	5,000
Vehicles	10-25	All
Infrastructure	30-75	100,000

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)****5. 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows and inflows of resources related to pensions in the government-wide statements for differences between expected and actual experience, changes in assumptions, and net difference between projected and actual earnings on plan investments. The deferred outflow or inflow related to differences between expected and actual experience and changes in will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes (including advance collections, if any). These amounts are recognized as an inflow of resources in the period that the amounts become available.

6. Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Sick leave and vacation leave expenditures are recognized in the governmental funds in the current year to the extent they are paid during the year or the vested amount is expected to be paid with available resources. A liability for these amounts has been recorded in the government-wide financial statements.

7. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenses.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**8. Net position and fund balances**

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

Net investment in capital assets	This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes and unspent bond proceeds are excluded.
Restricted net position	This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).
Unrestricted net position	This category presents the net position which is not restricted.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable	This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
Restricted	This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.
Committed	This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Finance.
Assigned	This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is also expressed by a properly approved purchase order (encumbrance).
Unassigned	This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

9. Use of estimates

The preparation of the 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 of assets and liabilities and deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

10. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance and accountability**A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

B. Capital projects authorizations

The following is a summary of certain capital projects:

Project	Project Authorization	Cumulative Expenditures	Balance
Dublin Hill bridge	\$ 2,866,854	\$ 2,237,693	\$ 629,161
Scovil Hoe remediation	426,000	6,703	419,297
Tylerville water line	7,300,000	6,032,467	1,267,533
Bridge Street sidewalk	1,570,000	188,148	1,381,852
Route 154 sidewalks	470,750	20,675	450,075
LOTICIP	3,138,600	24,631	3,113,969
Beaver Meadow culvet	1,005,000	68,952	936,048
Sewer facility study	150,000	-	150,000
Totals	<u>\$ 16,927,204</u>	<u>\$ 8,579,269</u>	<u>\$ 8,347,935</u>

II. Detailed notes**A. Cash and investments****1. Deposits – custodial credit risk**

At year end, the Town's bank balance was \$15,750,985 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,602,737
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>3,700,913</u>
Total amount subject to custodial credit risk	<u>\$ 14,303,650</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceeded the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)**2. Investments**

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of investment	Fair Value	Investment Maturities (In Years)			
		N/A	Less Than 1	1-5 Years	5-10 Years
Pooled fixed income	\$ 440,728	\$ -	\$ 440,728	\$ -	\$ -
Certificates of deposit	752,835	-	752,835	-	-
Bank money markets	7,748,672	-	7,748,672	-	-
Mutual funds					
Equity	2,642,643	2,642,643	-	-	-
International equity	1,168,856	1,168,856	-	-	-
Bond	2,144,524	-	18	648,486	1,496,020
Real estate	186,612	186,612	-	-	-
Annuity	324,949	324,949	-	-	-
Total	<u>\$15,409,819</u>	<u>\$4,323,060</u>	<u>\$8,942,253</u>	<u>\$ 648,486</u>	<u>\$ 1,496,020</u>

- b. The Town had the following recurring fair value measurements:

	Amount	Quoted Market Prices in Active Markets
		Level 1
<u>Investments by fair value level</u>		
Mutual funds		
Equity	\$ 2,642,643	\$ 2,642,643
International equity	1,168,856	1,168,856
Bond	2,144,524	2,144,524
Real estate	186,612	186,612
Annuity	324,949	324,949
Total investments by fair value level	<u>6,467,584</u>	<u>\$ 6,467,584</u>
<u>Other investments</u>		
Certificates of deposit	752,835	
Bank money markets	7,748,672	
Pooled fixed income	440,728	
Total other investments	<u>8,942,235</u>	
Total investments	<u>\$ 15,409,819</u>	

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Cash and investments (continued)

Level 1: Quoted prices for identical investments in active markets

- c. The Town's investments subject to credit risk had average ratings by Standard & Poor's as follows:

Type of investment	Ratings			
	AAA	BBB	BB	Total
Mutual funds				
Bond	\$ 18	\$ 1,496,020	\$ 648,486	\$ 2,144,524
Pooled fixed income	440,728	-	-	440,728
Total	<u>\$ 440,746</u>	<u>\$ 1,496,020</u>	<u>\$ 648,486</u>	<u>\$ 2,585,252</u>

- d. Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.
- e. The Town's investments are not subject to custodial credit risk.

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts, including the applicable allowances for uncollectible accounts, are presented below.

	Property Taxes		
	Taxes	Interest and lien fees	Total
Current portion	<u>\$ 222,471</u>	<u>\$ 42,816</u>	<u>\$ 265,287</u>
Long-term portion	\$ 273,737	\$ 99,640	\$ 373,377
Less allowance for uncollectibles	<u>(100,000)</u>	<u>(40,000)</u>	<u>(140,000)</u>
Net long-term portion	<u>\$ 173,737</u>	<u>\$ 59,640</u>	<u>\$ 233,377</u>

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts**1. Interfund payables and receivables**

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
General fund:			
Capital nonrecurring fund		\$ -	\$ 910,395
Infrastructure fund	N/A	-	2,608
Debt service	N/A	-	1,518,942
Silver Springs fund	N/A	1,733	28,919
Total general fund		1,733	2,460,864
Capital or nonrecurring:			
General fund	N/A	910,395	-
Debt service	N/A	65,604	-
Infrastructure fund	N/A	55,064	-
Total capital nonrecurring fund		1,031,063	-
Infrastructure fund:			
General fund	N/A	2,608	-
Capital nonrecurring fund	N/A	-	55,064
Debt service	N/A	-	560,676
Total infrastructure fund		2,608	615,740
Other governmental funds:			
Infrastructure fund	Debt service	560,676	-
Debt service	General fund	1,518,942	-
Debt service	Capital nonrecurring fund	-	65,604
Silver Springs fund	General fund	28,919	1,733
Total other governmental funds		2,108,537	67,337
Total		<u>\$3,143,941</u>	<u>\$3,143,941</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Interfund accounts (continued)**2. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	Transfers In	Transfers Out
General fund:		
Capital or nonrecurring	\$ -	\$ 1,472,000
Debt service	-	575,000
Total general fund	-	2,047,000
Capital nonrecurring:		
General fund	1,472,000	-
Other governmental funds:		
Debt service	575,000	-
Total	<u>\$ 2,047,000</u>	<u>\$ 2,047,000</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital nonrecurring projects fund and various programs and activities in other funds.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

D. Capital assets

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 934,383	\$ 61,200	\$ -	\$ 995,583
Construction in progress	5,645,506	6,949,068	3,573,449	9,021,125
Total capital assets, not being depreciated	6,579,889	7,010,268	3,573,449	10,016,708
Capital assets, being depreciated:				
Buildings and improvements	5,171,443	402,800	-	5,574,243
Land improvements	4,204,323	-	-	4,204,323
Machinery and equipment	757,412	1,161,444	15,991	1,902,865
Vehicles	7,194,265	1,074,957	134,823	8,134,399
Infrastructure	48,034,055	3,573,449	3,098,826	48,508,678
Total capital assets, being depreciated	65,361,498	6,212,650	3,249,640	68,324,508
Total capital assets	71,941,387	13,222,918	6,823,089	78,341,216
Less accumulated depreciation for:				
Buildings and improvements	2,448,162	122,194	-	2,570,356
Land improvements	719,130	84,027	-	803,157
Machinery and equipment	604,964	65,654	15,991	654,627
Vehicles	4,823,591	349,228	130,490	5,042,330
Infrastructure	34,602,421	354,488	3,075,808	31,881,101
Total accumulated depreciation	43,198,268	975,591	3,222,289	40,951,571
Total capital assets, being depreciated, net	22,163,230	5,237,059	27,351	27,372,938
Capital assets, net	<u>\$ 28,743,119</u>	<u>\$ 12,247,327</u>	<u>\$ 3,600,800</u>	<u>\$ 37,389,646</u>

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

General government	\$ 30,541
Public safety	331,222
Public works	591,234
Health and welfare	563
Culture and recreation	<u>22,031</u>
Total depreciation expense	<u>\$ 975,591</u>

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

E. Construction commitments

At year-end, the Town's commitments with contractors totaled \$629,161 for the completion of Dublin Hill bridge and \$1,267,533 for the completion of the Tylerville water line.

F. Changes in long-term obligations**1. Summary of changes**

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Current Portion	Long-Term Portion
Bonds:										
Improvement bond	\$ 2,800,000	08/30/12	08/15/32	2.00-3.00%	\$ 1,960,000	\$ -	\$ 140,000	\$ 1,820,000	\$ 140,000	\$ 1,680,000
Improvement bond	6,480,000	05/09/17	05/15/37	1.45-4.00%	5,830,000	-	325,000	5,505,000	325,000	5,180,000
Improvement bond	6,000,000	06/03/20	06/01/40	2.00-5.00%	-	6,000,000	-	6,000,000	300,000	5,700,000
Total bonds	15,280,000				7,790,000	6,000,000	465,000	13,325,000	765,000	12,560,000
Direct borrowings:										
Notes payable	450,000				-	450,000	-	450,000	150,000	300,000
Total bonds and notes	15,730,000				7,790,000	6,450,000	465,000	13,775,000	915,000	12,860,000
Premium					279,918	560,676	44,730	795,864	-	795,864
Total bonds, notes and related liabilities					8,069,918	7,010,676	509,730	14,570,864	915,000	13,655,864
Compensated absences					22,432	63,746	29,299	56,879	28,440	28,439
Landfill closure and post closure liability					222,848	-	9,285	213,563	9,285	204,278
Net pension liability					1,689,974	768,574	1,361,974	1,096,574	-	1,096,574
Total long-term liabilities					\$10,005,172	\$ 7,842,996	\$ 1,910,288	\$ 15,937,880	\$ 952,725	\$ 14,985,155

All long-term liabilities are generally liquidated by the general fund.

2. Assets pledged as collateral

The outstanding notes payable of \$450,000 is secured with the property purchased.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

F. Changes in long-term obligations (continued)**3. The following is a summary of principal and interest amounts of bond and note maturities:**

Year Ending June 30,	Debt Maturities		
	Bond Principal	Note Principal	Total Interest
2021	\$ 765,000	\$ 150,000	\$ 409,048
2022	765,000	150,000	380,403
2023	765,000	150,000	356,489
2024	765,000	-	324,990
2025	765,000	-	294,190
2026	765,000	-	268,177
2027	765,000	-	240,400
2028	765,000	-	212,500
2029	765,000	-	184,460
2030	765,000	-	159,280
2031	765,000	-	136,995
2032	765,000	-	117,605
2033	765,000	-	98,075
2034	620,000	-	80,400
2035	620,000	-	64,800
2036	620,000	-	49,200
2037	620,000	-	33,600
2038	300,000	-	18,000
2039	300,000	-	12,000
2040	300,000	-	6,000
Total	<u>\$ 13,325,000</u>	<u>\$ 450,000</u>	<u>\$ 3,446,612</u>

4. Statutory debt limitations

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 67,927,037	\$ 13,325,000	\$ 54,602,037
Schools	135,854,073	6,314,990	129,539,083
Sewers	113,211,728	-	113,211,728
Urban renewal	98,116,831	-	98,116,831
Pension deficit	90,569,382	-	90,569,382

The total overall statutory debt limit for the Town is equal to seven times, annual receipts from taxation for the prior year, \$211,328,558.

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****F. Changes in long-term obligations (continued)**

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

As a member of Regional School District No. 17 ("District"), the Town is contingently liable for its pro rata share of the District's debt. At year-end, the District had \$10,285,000 bonds outstanding of which 61.40% is the Town's portion which totaled \$6,314,990.

5. Authorized/unissued bonds

The amount of authorized and unissued bonds for general purposes is \$1,007,250.

6. Landfill closure and post-closure care costs

State and Federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for 30 years. Estimated total current costs of landfill post-closure care is \$213,563 which is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill. However, the actual cost of monitoring and other post-closure care may be higher due to inflation, changes in technology or changes in landfill laws and regulations.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

G. Fund balances and restricted net position

Fund balances are composed of the following:

	General	Capital Nonrecurring	Infrastructure	Other Governmental Funds	Total
Restricted:					
Housing rehabilitation programs	\$ -	\$ -	\$ -	\$ 93,654	\$ 93,654
Social services programs	-	-	-	4,094	4,094
Town clerk programs	-	-	-	17,784	17,784
Total restricted	-	-	-	115,532	115,532
Committed:					
Health and welfare programs	-	-	-	36,498	36,498
Approved projects	-	4,960,314	4,048,034	27,186	9,035,534
Open space programs	-	-	-	39,831	39,831
Total committed	-	4,960,314	4,048,034	103,515	9,111,863
Assigned:					
Medical insurance reserve	-	-	-	134,164	134,164
Public works programs	-	-	-	15,577	15,577
Debt service	-	-	-	2,014,014	2,014,014
Total assigned	-	-	-	2,163,755	2,163,755
Unassigned:	5,323,292	-	-	-	5,323,292
Total	<u>\$ 5,323,292</u>	<u>\$ 4,960,314</u>	<u>\$ 4,048,034</u>	<u>\$ 2,382,802</u>	<u>\$ 16,714,442</u>

The amount of net position which is restricted by enabling legislation totaled \$17,784.

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****III. Other information****A. Risk management**

The Town is exposed to various risks of loss including torts, theft of, damage to and destruction of assets; errors or omissions; injuries to employees and natural disasters. Generally, the Town obtains commercial insurance for these risks, but has chosen to retain limited risks for employee medical, dental, and prescriptions claims. The Town contracts with outside organizations to pay claims and provide administrative services. Additionally, insurance coverage has been purchased to limit the Town's liability for worker's compensation, general liability and medical claims. Settled claims have not exceeded commercial coverage in any of the past three years, and there has not been any significant reductions in insurance coverage from amounts held in prior years.

B. Commitments and litigation

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. The resolution of these matters will not have a material adverse effect on the financial condition of the Town.

C. Tax abatements

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. During the fiscal year, taxes abated through this program total \$30,867. No other commitments have been made by the Town to the abatement recipient under this program.

Town of Haddam, Connecticut

**Notes to the Financial Statements
As of and for the Year Ended June 30, 2020****D. Contingencies***Coronavirus*

In March 2020, the United States declared the outbreak of Coronavirus a national emergency. Similarly, the Governor of the State of Connecticut declared a state of emergency and has since issued over 70 executive orders regarding the pandemic. One of the most significant executive orders required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and payment deferral program. The interest rate reduction program reduced the interest rate charged on delinquent taxes/user fees from 18% to 3% for the period April 1, 2020 through October 1, 2020. The payment deferral program also was effective April 1, 2020 for local governments with quarterly payments and July 1, 2020 for those with semi-annual payments. This program allowed taxpayers/rate payers to defer payment of amounts due without incurring any penalty interest until October 1, 2020. The Town implemented the interest rate reduction program and payment deferral program. The impact of these programs on property tax and user fee revenues and delinquent interest collections was not significant during this period.

The state of emergency has had a negative impact on the Town's economically sensitive revenues such as park and recreation program fees, interest earnings and certain other charges for services for the last quarter of the fiscal year and the impact continues into the 2021 fiscal year. On the expenditure side, expenditures for health and safety measures, including additional personnel costs, technology and supplies are expected to increase and may exceed adopted budgets. There continues to be uncertainty related to the duration, possible reemergence and future severity of the pandemic, as well as to what actions may be taken by the Federal government, the State of Connecticut and health care authorities to contain or mitigate its effects. This includes the nature and extent of any financial support.

The Town is continuously monitoring its financial condition and will take proactive measures as necessary to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the complete impact on the Town's future financial position at this time.

IV. Pensions plans**A. Town pension plans****1. Plan description****a. Plan administration**

The Town administers 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) (the "Plans"). Benefit provisions of the Plans are established and can be amended by the Board of Selectmen. The Town of Haddam Retirement Plan is closed to employees hired after July 1, 2016. The Plans do not issue separate standalone reports and are reported as pension trust funds.

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**b. Plan membership**

As of June 30, 2020, the membership in the Plans is comprised of the following:

	Town Employees' Plan	Volunteer Firefighters' Plan
Retirees and beneficiaries currently receiving benefits	21	28
Vested terminated plan members	11	47
Active members	15	67
Total	<u>47</u>	<u>142</u>

2. Benefit provisions

	Town Employees' Plan	Volunteer Firefighters' Plan
Normal retirement	Age 65 with 5 years of continuous service	Later attainment of age 65 or 5 years of continuous service
Benefit calculation	2.00% average monthly compensation multiplied by years of service	Member before July 1, 1990: \$10.00 per month multiplied by years of credited service
		Member between July 1, 1990 - July 1, 2000: \$15.00 per month multiplied by years of credited service
		Member between July 1, 2000 - July 1, 2010: \$17.50 per month multiplied by years of credited service
		Member after July 1, 2010: \$20.00 per month multiplied by years of credited service. To a maximum monthly pension of \$437.50
Final average compensation	Average monthly compensation, based on highest 5 consecutive years out of final 10	N/A - volunteer plan
Early retirement requirement	Age 55 with 7 years of vesting service	Age 55, 5 years of active participation and 10 years of credited service
Early retirement benefit	Accrued benefit as of early retirement date	Benefit reduced by 6.60% for first 5 years and 3.30% for next 5 years until normal retirement date
Vesting - service	20% with 3 years of service increasing annually to 100% with 7 years of service	50% with 5 years of credited service increasing annually to 100% with 10 years of service

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**3. 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 31.35% of covered payroll. Employer contributions for the Volunteer Firefighters' Plan were an actuarial determined amount of \$111,777.

4. Investments**a. Investment policy**

The pension plans' 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 adopted asset allocation policy for the plan is below.

b. Concentrations

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

c. Rate of return

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 plans' target asset allocation (see the discussion of the pension plans' investment policy) are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Return
Domestic equity	42.00%	6.25%
International equity	18.00%	3.75%
Fixed income	33.00%	2.75%
Real estate and alternatives	3.00%	7.00%
Cash equivalents	4.00%	2.25%
Total	<u>100.00%</u>	

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**d. Annual money-weighted rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows:

	<u>Town Employees'</u>	<u>Volunteer Firefighters'</u>
Rate of return	1.85%	1.65%

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net pension liability

The components of the net pension liability were as follows:

	<u>Town Employees'</u>	<u>Volunteer Firefighters'</u>
Total pension liability	\$ 5,065,356	\$ 2,498,802
Plan fiduciary net position	<u>4,684,243</u>	<u>1,783,341</u>
Net pension liability	<u>\$ 381,113</u>	<u>\$ 715,461</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>92.48%</u>	<u>71.37%</u>

6. Actuarial methods and significant assumptions

The pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement.

	<u>Town Employees' Plan</u>	<u>Volunteer Firefighters' Plan</u>
Valuation date	January 1, 2020	July 1, 2019
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	Fair value	Fair value
Investment rate of return	6.50%	6.50%
Inflation	3.00%	2.00%
Salary increases	4.00%	N/A
Discount rate	6.50%	6.50%
Mortality rates	PRI-2012 Amount Weighted White Collar Mortality Table with Improvement Scale MP-2019	SOA Pub-2010 Mortality Table for Public Safety Employees Adjusted with Improvement Scale MP-2019

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**7. Changes from prior year****a. Changes in assumptions**

Town Employees' Plan

- The mortality assumption was updated from RP-2014 Mortality Table projected to the valuation date with scale MP-2018 to PRI-2012 Amount Weighted White Collar Mortality Table with Improvement Scale MP-2019.

Volunteer Firefighters' Plan

- The mortality assumption was updated from RP-2014 Mortality Table projected to the valuation date with scale MP-2018 to SOA Pub-2010 Mortality Table for Public Safety Employees Adjusted with Improvement Scale MP-2019

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

The discount rate used to measure the total pension liability was as follows:

	<u>Town Employees'</u>	<u>Volunteer Firefighters'</u>
Discount rate	6.50%	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 projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

A. Town pension plans (continued)

The Town's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 for the Town Employees' Plan and July 1, 2019 for the volunteer Firefighter's Plan. The changes in net pension liability were as follows:

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Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)**10. Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability, calculated using the discount rate 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 or 1-percentage point higher than the current rate:

<u>Net pension liability (asset)</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Town Employees' Plan	<u>\$ 878,966</u>	<u>\$ 381,113</u>	<u>\$ (45,669)</u>
Volunteer Firefighters' Plan	<u>\$ 1,054,238</u>	<u>\$ 715,461</u>	<u>\$ 436,037</u>

11. Pension expense and deferred outflows and inflows of resources

For the fiscal year, the Town recognized pension expense of \$124,492 for the Town Employee's Plan and \$173,768 for the Volunteer Firefighters' Plan.

The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town Employees' Plan			
<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 59,815	\$ (402,923)	\$ (343,108)
Changes in assumptions	-	(56,122)	(56,122)
Net difference between projected and actual earnings on pension plan investments	<u>100,004</u>	<u>-</u>	<u>100,004</u>
Total	<u>\$ 159,819</u>	<u>\$ (459,045)</u>	<u>\$ (299,226)</u>
Volunteer Firefighters' Plan			
<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences between expected and actual experience	\$ 140,911	\$ (15,207)	\$ 125,704
Changes in assumptions	65,352	(40,997)	24,355
Net difference between projected and actual earnings on pension plan investments	<u>69,694</u>	<u>-</u>	<u>69,694</u>
Total	<u>\$ 275,957</u>	<u>\$ (56,204)</u>	<u>\$ 219,753</u>

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

A. Town pension plans (continued)

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Changes of assumptions and experience losses (gains) are amortized over the average remaining service period of actives and inactive employees, which were as follows:

Plan	Years
Town Employees' Plan	3.08
Volunteer Firefighters' Plan	5.94

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

Year Ending June 30,	Town Employees' Plan	Volunteer Firefighters' Plan
2021	\$ (185,530)	\$ 58,793
2022	(151,318)	72,170
2023	11,825	49,144
2024	25,797	32,650
2025	-	6,648
Thereafter	-	348
Total	<u>\$ (299,226)</u>	<u>\$ 219,753</u>

B. Total pension plans

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Town Employees' Plan	\$ 381,113	\$ 159,819	\$ (459,045)	\$ 124,492
Volunteer Firefighters Plan	<u>715,461</u>	<u>275,957</u>	<u>(56,204)</u>	<u>173,768</u>
Total	<u>\$ 1,096,574</u>	<u>\$ 435,776</u>	<u>\$ (515,249)</u>	<u>\$ 298,260</u>

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

C. Defined contribution retirement savings plan

The Town established a defined contribution plan effective July 1, 2018 to provide benefits at retirement to employees of the Town. The Board of Selectmen and First Selectman administers this single employer defined contribution benefit plan. All full-time employees of the Town are eligible to participate in the defined contribution plan and there are no required employee contribution amounts. Plan provisions and contribution requirements are established by an ordinance approved by the Town's Board of Selectman and may be amended by the Board subject to various bargaining unit approvals.

The Plan requires the Town to contribute a minimum of 3% for all employees participating in the plan up to a 5% matching contribution. Employees are fully vested in all employee contributions and are fully vested after 1,000 hours worked in a year for employer contributions.

There are 5 participants in the plan. During the fiscal year, employees contributed \$26,260 and the Town contributed employer contributions of \$22,607. Covered payroll totaled \$278,163.

D. Pension plan statements

Pension Trust Funds
Combining Statement of Fiduciary Net Position
June 30, 2020

	Town Employees' Plan	Volunteer Firefighters' Plan	Total
<u>Assets</u>			
Investments at fair value:			
Mutual Funds:			
Equity	\$ 1,913,865	\$ 728,778	\$ 2,642,643
International equity	846,513	322,343	1,168,856
Bond	1,553,380	591,144	2,144,524
Real estate	135,149	51,463	186,612
Annuity	235,336	89,613	324,949
Total investments	<u>4,684,243</u>	<u>1,783,341</u>	<u>6,467,584</u>
<u>Net Position</u>			
Restricted for:			
Pension benefits	<u>\$ 4,684,243</u>	<u>\$ 1,783,341</u>	<u>\$ 6,467,584</u>

Town of Haddam, Connecticut

Notes to the Financial Statements
As of and for the Year Ended June 30, 2020

D. Pension plan statements (continued)

Pension Trust Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	Town Employees' Plan	Volunteer Firefighters' Plan	Total
Additions:			
Contributions:			
Employer contribution	\$ 466,478	\$ 111,777	\$ 578,255
Investment income (loss):			
Change in fair value of investments	78,889	27,378	106,267
Interest and dividends	4,348	1,843	6,191
Total investment income (loss)	83,237	29,221	112,458
Total additions	549,715	140,998	690,713
Deductions:			
Benefits	308,466	104,242	412,708
Administration	22,761	13,666	36,427
Total deductions	331,227	117,908	449,135
Changes in net position	218,488	23,090	241,578
Net position - July 1, 2019	4,465,755	1,760,251	6,226,006
Net position - June 30, 2020	\$ 4,684,243	\$ 1,783,341	\$ 6,467,584

Required Supplementary Information

Type	Description
Budgetary	Schedule of Revenues - Budget and Actual - General Fund
	Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund
	Notes to Required Supplementary Information - Budgets and Budgetary Accounting
<u>Pension Plans</u> Employee Plan Volunteer Fire Plan	Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns
	Schedule of Contributions
	Notes to Required Supplementary Information

Town of Haddam, Connecticut

Required Supplementary Information

**General Fund
Schedule of Revenues
Budget and Actual
For the Year Ended June 30, 2020**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 29,151,564	\$ 350,000	\$ 29,501,564	\$ 29,682,945	\$ 181,381
Motor vehicle supplement	275,000	-	275,000	243,667	(31,333)
Prior year tax collections	250,000	-	250,000	127,717	(122,283)
Interest and lien fees	120,000	-	120,000	106,010	(13,990)
South central water authority	3,000	-	3,000	3,568	568
Telecommunications access	18,000	-	18,000	14,940	(3,060)
Total property taxes	<u>29,817,564</u>	<u>350,000</u>	<u>30,167,564</u>	<u>30,178,847</u>	<u>11,283</u>
Intergovernmental revenues:					
Education cost grant	2,008,744	-	2,008,744	2,008,720	(24)
State owned property	-	33,979	33,979	33,979	-
Mashantucket Pequot	-	-	-	908	908
Property tax relief - veterans	-	-	-	5,070	5,070
Property tax relief - disabled	-	-	-	675	675
DUI grant	10,000	-	10,000	2,039	(7,961)
Revenue sharing state grant	-	3,500	3,500	3,554	54
Other state grants	-	-	-	14,285	14,285
Total intergovernmental revenues	<u>2,018,744</u>	<u>37,479</u>	<u>2,056,223</u>	<u>2,069,230</u>	<u>13,007</u>
Charges for services:					
Town clerk - recording fees	38,000	-	38,000	34,915	(3,085)
Town clerk	5,000	-	5,000	11,796	6,796
Conveyance tax	90,000	-	90,000	97,104	7,104
Transfer station permits	110,000	-	110,000	149,175	39,175
Dog licenses	5,000	-	5,000	3,421	(1,579)
Building and land use permits	200,000	-	200,000	190,220	(9,780)
Photocopy fees	10,000	-	10,000	8,313	(1,687)
Rental of buildings	2,500	-	2,500	1,450	(1,050)
Recycling fees	1,000	-	1,000	2,009	1,009
State trooper OT reimbursements	30,000	-	30,000	29,847	(153)
Cell tower rent	2,000	-	2,000	2,000	-
Other	10,000	-	10,000	15,656	5,656
Total charges for services	<u>503,500</u>	<u>-</u>	<u>503,500</u>	<u>545,906</u>	<u>42406</u>
Income from investments	<u>75,000</u>	<u>77,500</u>	<u>152,500</u>	<u>152,819</u>	<u>319</u>
Other	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>16,527</u>	<u>6,527</u>
Total revenues	<u>\$ 32,424,808</u>	<u>\$ 464,979</u>	<u>\$ 32,889,787</u>	<u>\$ 32,963,329</u>	<u>\$ 73,542</u>

Town of Haddam, Connecticut

Required Supplementary Information

General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Selectmen	\$ 172,723	\$ (14,000)	\$ 158,723	\$ 155,464	\$ 3,259
Finance Department	125,421	12,146	137,567	137,566	1
Probate	2,661	-	2,661	2,660	1
Elections	49,950	(10,800)	39,150	36,460	2,690
Board of Finance	43,350	-	43,350	41,814	1,536
Assessor	132,228	(5,000)	127,228	126,756	472
Board of Assessment Appeal	335	-	335	50	285
Tax Collector	80,304	(6,900)	73,404	73,377	27
Town Counsel	40,500	(15,600)	24,900	24,889	11
Town Clerk	113,908	-	113,908	113,017	891
Planning and zoning	200	-	200	-	200
Zoning Board of Appeals	110	-	110	-	110
Wetlands	100	-	100	-	100
Central Services	136,064	(19,500)	116,564	116,505	59
Benefits and Insurance	1,230,577	24,230	1,254,807	1,254,807	-
EDC	12,543	(10,721)	1,822	1,764	58
Land Use Office	270,585	664	271,249	271,249	-
Conservation	2,000	-	2,000	1,075	925
Contingency	50,000	(50,000)	-	-	-
Total general government	2,463,559	(95,481)	2,368,078	2,357,453	10,625
Public safety:					
Fire Protection	334,765	(13,000)	321,765	319,083	2,682
Police	420,704	(98,450)	322,254	321,112	1,142
Animal Control	20,997	-	20,997	18,568	2,429
Emergency Management	7,029	998	8,027	8,026	1
Fire Marshal	20,996	-	20,996	18,275	2,721
Dispatch Services	118,076	-	118,076	118,075	1
Total public safety	922,567	(110,452)	812,115	803,139	8,976
Public works:					
Administration and operations	1,164,113	-	1,164,113	1,161,349	2,764
Public Buildings and Property	298,545	80,088	378,633	376,777	1,856
Snow and Ice Removal	323,600	(128,000)	195,600	195,585	15
Engineering	55,000	(21,250)	33,750	33,744	6
Waste Disposal	330,160	(10,500)	319,660	319,386	274
Total public works	2,171,418	(79,662)	2,091,756	2,086,841	4,915
Health and welfare:					
Social and Senior Services	104,771	(8,573)	96,198	94,747	1,451
Youth and Family Services	87,500	-	87,500	87,500	-
Health District	94,164	-	94,164	94,164	-
Ambulance and Paramedic Services	93,346	-	93,346	93,284	62
Total health and welfare	379,781	(8,573)	371,208	369,695	1,513

(Continued)

Town of Haddam, Connecticut

Required Supplementary Information
General Fund
Schedule of Expenditures and Other Financing Uses
Budget and Actual
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Additional Appropriations and Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Culture and recreation:					
Haddam park and recreation	\$ 40,500	\$ -	\$ 40,500	\$ 33,431	\$ 7,069
H/K Recreation Authority	80,000	-	80,000	80,000	-
Culture and recreation	<u>365,431</u>	<u>-</u>	<u>365,431</u>	<u>365,170</u>	<u>261</u>
Total culture and recreation	<u>485,931</u>	<u>-</u>	<u>485,931</u>	<u>478,601</u>	<u>7,330</u>
Education - RSD No. 17	<u>24,153,437</u>	<u>(127,853)</u>	<u>24,025,584</u>	<u>24,025,584</u>	<u>-</u>
Debt service	<u>688,115</u>	<u>-</u>	<u>688,115</u>	<u>688,115</u>	<u>-</u>
Total expenditures	<u>31,264,808</u>	<u>(422,021)</u>	<u>30,842,787</u>	<u>30,809,428</u>	<u>33,359</u>
Other financing uses:					
Transfers out:					
Capital nonrecurring	<u>1,160,000</u>	<u>887,000</u>	<u>2,047,000</u>	<u>2,047,000</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 32,424,808</u>	<u>\$ 464,979</u>	<u>\$ 32,889,787</u>	<u>\$ 32,856,428</u>	<u>\$ 33,359</u>

(Concluded)

Town of Haddam, Connecticut**Notes to Required Supplementary Information****Budgets and Budgetary Accounting
For the Year Ended June 30, 2020**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements in accordance with State Statutes. The operating budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

Formal budgetary integration is employed as a management control device during the year.

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) (modified accrual basis).

The budget is recommended by the Board of Finance at a Town Meeting in May.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the department level.

The Board of Finance is authorized to transfer budgeted amounts within and between departments and to approve the first additional appropriation for a department, not to exceed \$27,600, in any one year. Additional appropriations after the first or in excess of \$27,600 must be approved by vote of a Town Meeting.

During the year, there were additional appropriations from fund balance of \$464,979 from increased revenue appropriations.

Town of Haddam, Connecticut

Required Supplementary Information

Employee Plan
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>							
Total pension liability:							
Service cost	\$ 138,172	\$ 165,348	\$ 122,689	\$ 132,292	\$ 167,624	\$ 168,836	\$ 168,836
Interest	359,561	349,710	338,780	323,985	318,674	315,305	285,670
Changes in benefit terms	(74,621)	-	-	-	-	-	-
Differences between expected and actual experience	(597,056)	113,222	20,588	(233,719)	44,324	(118,691)	111,968
Changes in assumptions	-	(11,248)	44,903	383,635	(46,251)	194,605	-
Benefit payments, including refunds of member contributions	(308,466)	(507,102)	(356,873)	(645,672)	(159,641)	(163,836)	(125,095)
Net change in total pension liability	(482,410)	109,930	170,087	(39,479)	324,730	396,219	441,379
Total pension liability - July 1	5,547,766	5,437,836	5,267,749	5,307,228	4,982,498	4,586,279	4,144,900
Total pension liability - June 30 (a)	<u>\$ 5,065,356</u>	<u>\$ 5,547,766</u>	<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	\$ 466,478	\$ 234,590	\$ 255,963	\$ 273,000	\$ 256,564	\$ 240,000	\$ 227,608
Net investment income (loss)	83,237	280,946	206,196	447,515	(24,561)	57,117	523,998
Benefit payments, including refunds of member contributions	(308,466)	(507,102)	(356,873)	(645,672)	(159,641)	(163,836)	(125,095)
Administration	(22,761)	(24,888)	-	-	-	-	11,243
Net change in plan fiduciary net position	218,488	(16,454)	105,286	74,843	72,362	133,281	637,754
Plan fiduciary net position - July 1	4,465,755	4,482,209	4,376,923	4,301,980	4,229,618	4,096,337	3,458,583
Plan fiduciary net position - June 30 (b)	<u>\$ 4,684,243</u>	<u>\$ 4,465,755</u>	<u>\$ 4,482,209</u>	<u>\$ 4,376,823</u>	<u>\$ 4,301,980</u>	<u>\$ 4,229,618</u>	<u>\$ 4,096,337</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 381,113</u>	<u>\$ 1,082,011</u>	<u>\$ 955,627</u>	<u>\$ 890,926</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	<u>92.48%</u>	<u>80.50%</u>	<u>82.43%</u>	<u>83.09%</u>	<u>81.06%</u>	<u>84.89%</u>	<u>89.32%</u>
Covered payroll	<u>\$ 879,353</u>	<u>\$ 967,343</u>	<u>\$ 1,121,054</u>	<u>\$ 776,316</u>	<u>\$ 845,364</u>	<u>\$ 989,549</u>	<u>\$ 1,096,743</u>
Net pension liability as a percentage of covered payroll	<u>43.34%</u>	<u>111.85%</u>	<u>85.24%</u>	<u>114.76%</u>	<u>118.91%</u>	<u>76.08%</u>	<u>44.67%</u>
<u>Schedule of Investment Returns</u>							
Annual money weighted rate of return, net of investment expense	<u>1.85%</u>	<u>6.48%</u>	<u>4.63%</u>	<u>11.05%</u>	<u>(0.56%)</u>	<u>1.38%</u>	<u>13.72%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Haddam, Connecticut

Required Supplementary Information

Employee Plan
Schedule of Contributions
Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 388,181	\$ 312,786	\$ 255,963	\$ 255,222	\$ 256,565	\$ 233,178	\$ 227,608	\$ 262,526	\$ 294,688	\$ 295,860
Contributions in relation to the actuarially determined contribution	<u>466,478</u>	<u>234,590</u>	<u>255,963</u>	<u>273,000</u>	<u>256,564</u>	<u>240,000</u>	<u>227,608</u>	<u>262,526</u>	<u>294,688</u>	<u>187,000</u>
Contribution excess (deficiency)	<u>\$ 78,297</u>	<u>\$ (78,196)</u>	<u>\$ -</u>	<u>\$ 17,778</u>	<u>\$ (1)</u>	<u>\$ 6,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (108,860)</u>
Covered payroll	<u>\$ 879,353</u>	<u>\$ 967,343</u>	<u>\$ 1,121,054</u>	<u>\$ 776,316</u>	<u>\$ 845,364</u>	<u>\$ 989,549</u>	<u>\$ 1,096,743</u>	<u>\$ 1,012,849</u>	<u>\$ 1,150,309</u>	<u>\$ 1,131,163</u>
Contributions as a percentage of covered payroll	<u>53.05%</u>	<u>24.25%</u>	<u>22.83%</u>	<u>35.17%</u>	<u>30.35%</u>	<u>24.25%</u>	<u>20.75%</u>	<u>25.92%</u>	<u>25.62%</u>	<u>16.53%</u>

Town of Haddam, Connecticut

Notes to Required Supplementary Information

Employee Plan
Schedule of Contributions
Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Changes of Benefit Terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016	January 1, 2014	January 1, 2014	January 1, 2013	January 1, 2011	January 1, 2011
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Frozen Initial Liability	Frozen Initial Liability	Frozen Initial Liability
Amortization Method	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Salary Increases	4.00%	4.00%	4.00%	4.00%	4.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Investment Rate of Return (Net)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	7.00%	7.00%	7.00%	7.00%
Mortality Rate	RP-2014 projected with scale MP-2018	RP-2014 projected with scale MP-2018	RP-2014 adjusted to 2006 mortality Table with scale MP-2017	RP-2014 non-annuitant tables projected to 2020 using Scale BB	RP-2000 non-annuitant tables projected using Scale AA	RP-2000 non-annuitant tables projected using Scale AA	RP-2014 Optional Combined Tables (IRB 2007-24)	N/A	N/A	N/A

N/A - Not available

Town of Haddam, Connecticut

Required Supplementary Information

Volunteer Fire Plan
Last Seven Years (1)

	2020	2019	2018	2017	2016	2015	2014
<u>Schedule of Changes in Net Pension Liability and Related Ratios</u>							
Total pension liability:							
Service cost	\$ 41,360	\$ 32,628	\$ 32,997	\$ 40,115	\$ 39,598	\$ 35,108	\$ 34,543
Interest	153,234	143,095	139,401	123,339	122,360	119,279	111,006
Changes in benefit terms	29,238	-	-	-	-	-	-
Differences between expected and actual experience	10,998	5,922	180,934	22,095	(40,547)	75,106	(17,856)
Changes in assumptions	-	(4,676)	(66,314)	65,356	-	51,745	89,800
Benefit payments, including refunds of member contributions	(104,242)	(90,274)	(99,143)	(109,566)	(103,147)	(102,370)	(96,232)
Net change in total pension liability	130,588	86,695	187,875	141,339	18,264	178,868	121,261
Total pension liability - July 1	2,368,214	2,281,519	2,093,644	1,952,305	1,934,041	1,755,173	1,633,912
Total pension liability - June 30 (a)	<u>\$ 2,498,802</u>	<u>\$ 2,368,214</u>	<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	\$ 111,777	\$ 77,009	\$ 107,708	\$ 96,615	\$ 60,922	\$ 83,000	\$ 82,646
Net investment income (loss)	29,221	106,928	71,440	160,819	(10,975)	20,591	196,428
Benefit payments, including refunds of member contributions	(104,242)	(90,274)	(99,143)	(109,566)	(103,147)	(102,370)	(96,232)
Administration	(13,666)	(13,348)	-	-	-	-	-
Net change in plan fiduciary net position	23,090	80,315	80,005	147,868	(53,200)	1,221	182,842
Plan fiduciary net position - July 1	1,760,251	1,679,936	1,599,931	1,452,063	1,505,263	1,504,042	1,321,200
Plan fiduciary net position - June 30 (b)	<u>\$ 1,783,341</u>	<u>\$ 1,760,251</u>	<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 - June 30 (a)-(b)	<u>\$ 715,461</u>	<u>\$ 607,963</u>	<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	<u>71.37%</u>	<u>74.33%</u>	<u>73.63%</u>	<u>76.42%</u>	<u>74.38%</u>	<u>77.83%</u>	<u>85.69%</u>
Covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Net pension liability as a percentage of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Schedule of Investment Returns

Annual money weighted rate of return, net of investment expense	<u>1.65%</u>	<u>6.46%</u>	<u>4.35%</u>	<u>11.15%</u>	<u>(0.73%)</u>	<u>1.37%</u>	<u>15.05%</u>
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N/A - Not applicable. Plan members are volunteers.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Haddam, Connecticut
Required Supplementary Information

Volunteer Fire Plan
Schedule of Contributions
Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contributions	\$ 86,107	\$ 77,009	\$ 107,708	\$ 96,615	\$ 60,922	\$ 56,936	\$ 73,893	\$ 77,239	\$ 82,657	\$ 101,037
Contributions in relation to the actuarially determined contribution	<u>111,777</u>	<u>77,009</u>	<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>
Contribution excess (deficiency)	<u>\$ 25,670</u>	<u>\$ -</u>	<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>
Covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable. Plan members are volunteers.

Town of Haddam, Connecticut

Notes to Required Supplementary Information

**Volunteer Fire Plan
Schedule of Contributions
Last Ten Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Changes of Benefit Terms	None	None	None	None	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2019	July 1, 2017	July 1, 2017	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014	July 1, 2012	July 1, 2010	July 1, 2010
Actuarial methods and assumptions used to determine contribution rates:										
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Unit Credit	Unit Credit	Unit Credit
Amortization Method	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage	Level Percentage
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Salary Increases	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Investment Rate of Return (Net)	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	7.00%	7.00%	7.00%
Mortality Rate	RP-2014 projected with scale MP-2018	RP-2014 projected with scale MP-2018	RP-2015 projected with scale MP-2017	RP-2014 non-annuitant tables projected to 2020 using Scale BB	RP-2000 non-annuitant tables projected using Scale AA	RP-2000 non-annuitant tables projected using Scale AA	2014 Optional Combined Tables (IRB 2007-24)	N/A	N/A	N/A

N/A - Not applicable or not available

Supplemental Schedules

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health and welfare, culture and recreation, education, debt service, and capital outlay). These activities are funded principally by property taxes, user fees and grants from other governmental units.

Town of Haddam, Connecticut

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2020

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance with Final Budget
Revenues:					
Property taxes	\$ 29,817,564	\$ 350,000	\$30,167,564	\$30,178,847	\$ 11,283
Intergovernmental	2,018,744	37,479	2,056,223	2,069,230	13,007
Charges for services	503,500	-	503,500	545,906	42,406
Income from investments	75,000	77,500	152,500	152,819	319
Other	10,000	-	10,000	16,527	6,527
Total revenues	32,424,808	464,979	32,889,787	32,963,329	73,542
Expenditures:					
Current:					
General government	2,463,559	(95,481)	2,368,078	2,357,453	10,625
Public safety	922,567	(110,452)	812,115	803,139	8,976
Public works	2,171,418	(79,662)	2,091,756	2,086,841	4,915
Health and welfare	379,781	(8,573)	371,208	369,695	1,513
Culture and recreation	485,931	-	485,931	478,601	7,330
Education	24,153,437	(127,853)	24,025,584	24,025,584	-
Debt service	688,115	-	688,115	688,115	-
Total expenditures	31,264,808	(422,021)	30,842,787	30,809,428	33,359
Excess (deficiency) of revenues over expenditures	1,160,000	887,000	2,047,000	2,153,901	106,901
Other financing sources (uses):					
Transfers out	(1,160,000)	(887,000)	(2,047,000)	(2,047,000)	-
Net change in fund balance	\$ -	\$ -	\$ -	106,901	\$ 106,901
Fund balance - July 1, 2019				5,216,391	
Fund balance - June 30, 2020				\$ 5,323,292	

Town of Haddam, Connecticut

Report of Tax Collector
For the Year Ended June 30, 2020

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Grand List Year	Uncollected Taxes July 1, 2019	Current Year Levy	Lawful Corrections		Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2020
			Additions	Deductions		Net Taxes Collected	Interest and Liens	Total	
2003	\$ 978	\$ -	\$ -	\$ 978	\$ -	\$ -	\$ -	\$ -	\$ -
2004	1,028	-	-	-	1,028	-	-	-	1,028
2005	225	-	-	-	225	-	-	-	225
2006	2,503	-	-	-	2,503	-	-	-	2,503
2007	2,603	-	-	-	2,603	-	-	-	2,603
2008	2,643	-	-	-	2,643	-	-	-	2,643
2009	3,400	-	-	-	3,400	-	-	-	3,400
2010	3,201	-	-	-	3,201	-	-	-	3,201
2011	7,219	-	-	-	7,219	-	-	-	7,219
2012	11,613	-	130	-	11,743	-	-	-	11,743
2013	5,795	-	-	-	5,795	-	-	-	5,795
2014	12,791	-	-	-	12,791	-	-	-	12,791
2015	18,037	-	347	768	17,616	3,148	24	3,172	14,468
2016	57,398	-	1	778	56,621	17,068	5,734	22,802	39,553
2017	<u>183,411</u>	<u>-</u>	<u>1,117</u>	<u>4,371</u>	<u>180,157</u>	<u>110,226</u>	<u>21,779</u>	<u>132,005</u>	<u>69,931</u>
Total Prior Years	312,845	-	1,595	6,895	307,545	130,442	27,537	157,979	177,103
2018	<u>-</u>	<u>30,331,078</u>	<u>20,384</u>	<u>114,203</u>	<u>30,237,259</u>	<u>29,918,154</u>	<u>76,086</u>	<u>29,994,240</u>	<u>319,105</u>
Total	<u>\$ 312,845</u>	<u>\$ 30,331,078</u>	<u>\$ 21,979</u>	<u>\$ 121,098</u>	<u>\$ 30,544,804</u>	<u>\$ 30,048,596</u>	<u>\$ 103,623</u>	<u>\$ 30,152,219</u>	<u>\$ 496,208</u>

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted, committed, or assigned to expenditures for particular purposes.

Fund	Funding Source	Function
Medical Insurance Reserve	Income from investments	Health insurance
Material Testing	Charges for services	Material testing
Small Cities	Charges for services	Community development programs
Grants	Grants	Various grant programs
Social Services Fund	Contributions	Social services programs and fuel bank
Town Clerk	Grants and charges for services	Document preservation

Debt Service Fund

Debt service fund is use to account for debt survive payments and premiums

Capital Projects Funds

Capital projects funds are used to account for acquisition of vehicles and equipment and construction of capital assets

Fund	Funding Source	Function
Open Space	Grants and contributions	Purchase of open space
Silver Spring Road	Call performance bond	Infrastructure related improvements

Town of Haddam, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

	Special Revenue Funds				
	Medical Insurance Reserve	Material Testing	Small Cities	Grants	Social Services
<u>Assets</u>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 4,094
Investments	134,164	15,577	8,114	44,386	-
Receivables:					
Loans	-	-	85,540	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 134,164</u>	<u>\$ 15,577</u>	<u>\$ 93,654</u>	<u>\$ 44,386</u>	<u>\$ 4,094</u>
<u>Liabilities</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ 7,888	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,888</u>	<u>-</u>
<u>Fund Balances</u>					
Restricted	-	-	93,654	-	4,094
Committed	-	-	-	36,498	-
Assigned	134,164	15,577	-	-	-
Total fund balances	<u>134,164</u>	<u>15,577</u>	<u>93,654</u>	<u>36,498</u>	<u>4,094</u>
Total liabilities and fund balances	<u>\$ 134,164</u>	<u>\$ 15,577</u>	<u>\$ 93,654</u>	<u>\$ 44,386</u>	<u>\$ 4,094</u>

(Continued)

Town of Haddam, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

	Special Revenue Funds	Debt Service	Capital Projects Funds		Total Other Governmental Funds
	Town Clerk	Debt Service	Open Space	Silver Spring Road	
<u>Assets</u>					
Cash	\$ 18,600	\$ -	\$ 27,996	\$ -	\$ 50,690
Investments	-	-	11,835	-	214,076
Receivables:					
Loans	-	-	-	-	85,540
Due from other funds	-	2,079,618	-	28,919	2,108,537
Total assets	<u>\$ 18,600</u>	<u>\$ 2,079,618</u>	<u>\$ 39,831</u>	<u>\$ 28,919</u>	<u>\$ 2,458,843</u>
<u>Liabilities</u>					
Accounts payable	\$ 816	\$ -	\$ -	\$ -	\$ 8,704
Due to other funds	-	65,604	-	1,733	67,337
Total liabilities	<u>816</u>	<u>65,604</u>	<u>-</u>	<u>1,733</u>	<u>76,041</u>
<u>Fund Balances</u>					
Restricted	17,784	-	-	-	115,532
Committed	-	-	39,831	27,186	103,515
Assigned	-	2,014,014	-	-	2,163,755
Total fund balances	<u>17,784</u>	<u>2,014,014</u>	<u>39,831</u>	<u>27,186</u>	<u>2,382,802</u>
Total liabilities and fund balances	<u>\$ 18,600</u>	<u>\$ 2,079,618</u>	<u>\$ 39,831</u>	<u>\$ 28,919</u>	<u>\$ 2,458,843</u>

(Concluded)

Town of Haddam, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				
	Medical Insurance Reserve	Material Testing	Small Cities	Grants	Social Services
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ 29,410	\$ -
Charges for services	-	-	19,428	-	-
Income from investments	1,006	-	7	15	-
Contributions	-	-	-	-	17,649
Total revenues	1,006	-	19,435	29,425	17,649
Expenditures:					
Current:					
General government	-	-	-	-	-
Health and welfare	-	-	-	29,425	13,555
Capital outlay	-	-	-	-	-
Total expenditures	-	-	-	29,425	13,555
Excess (deficiency) of revenues over expenditures	1,006	-	19,435	-	4,094
Other financing sources (uses):					
Premium	-	-	-	-	-
Transfers in	-	-	-	-	-
Net other financing sources (uses)	-	-	-	-	-
Net change in fund balances	1,006	-	19,435	-	4,094
Fund balances - July 1, 2019	133,158	15,577	74,219	36,498	-
Fund balances - June 30, 2020	\$ 134,164	\$ 15,577	\$ 93,654	\$ 36,498	\$ 4,094

(Continued)

Town of Haddam, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Other Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds	Debt Service	Capital Projects Funds		
	Town Clerk	Debt Service	Open Space	Silver Spring Road	Total Other Governmental Funds
Revenues:					
Intergovernmental	\$ 5,500	\$ -	\$ -	\$ -	\$ 34,910
Charges for services	13,008	-	-	-	32,436
Income from investments	-	-	159	-	1,187
Contributions	-	-	-	-	17,649
Total revenues	<u>18,508</u>	<u>-</u>	<u>159</u>	<u>-</u>	<u>86,182</u>
Expenditures:					
Current:					
General government	17,606	67,346	-	-	84,952
Health and welfare	-	-	-	-	42,980
Capital outlay	-	-	-	1,433	1,433
Total expenditures	<u>17,606</u>	<u>67,346</u>	<u>-</u>	<u>1,433</u>	<u>129,365</u>
Excess (deficiency) of revenues over expenditures	<u>902</u>	<u>(67,346)</u>	<u>159</u>	<u>(1,433)</u>	<u>(43,183)</u>
Other financing sources (uses):					
Premium	-	560,676			560,676
Transfers in	-	575,000	-	-	575,000
Net other financing sources (uses)	<u>-</u>	<u>1,135,676</u>	<u>-</u>	<u>-</u>	<u>1,135,676</u>
Net change in fund balances	902	1,068,330	159	(1,433)	1,092,493
Fund balances - July 1, 2019	<u>16,882</u>	<u>945,684</u>	<u>39,672</u>	<u>28,619</u>	<u>1,290,309</u>
Fund balances - June 30, 2020	<u>\$ 17,784</u>	<u>\$2,014,014</u>	<u>\$ 39,831</u>	<u>\$ 27,186</u>	<u>\$ 2,382,802</u>

(Concluded)

Trend Information

This part of the Town's annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

Table	Description
Financial Trends (Tables 1-2)	These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time
Revenue Capacity (Tables 3-5)	These schedules contain trend information to help the assess the Town's most significant revenue source, property taxes
Debt Capacity (Table 6-10)	This schedule presents information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial for the fiscal year

Table 1

Town of Haddam, Connecticut

Governmental Funds
Fund Balances
Last Ten Years
(Modified Accrual Basis of Accounting)
(Unaudited)

June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund:										
Assigned	\$ -	\$ -	\$ -	\$ -	\$ 128,000	\$ -	\$ -	\$ -	\$ -	\$ -
Unassigned	5,323,292	5,216,391	4,886,482	4,686,412	4,673,377	4,265,947	3,769,261	3,671,221	3,195,092	2,571,591
Total general fund	5,323,292	5,216,391	4,886,482	4,686,412	4,801,377	4,265,947	3,769,261	3,671,221	3,195,092	2,571,591
All other governmental funds:										
Restricted	115,532	127,599	181,917	164,266	169,110	176,366	198,244	185,989	190,602	174,102
Committed	9,111,863	6,019,839	6,882,792	7,650,809	3,054,851	3,145,272	2,863,616	2,677,302	3,122,005	3,557,058
Assigned	2,163,755	945,684	945,684	1,158,515	676,137	676,137	495,242	605,907	-	-
Unassigned	-	-	-	-	-	-	-	-	(2,372,251)	-
Total all other governmental fund	11,391,150	7,093,122	8,010,393	8,973,590	3,900,098	3,997,775	3,557,102	3,469,198	940,356	3,731,160
Grand total	<u>\$ 16,714,442</u>	<u>\$12,309,513</u>	<u>\$12,896,875</u>	<u>\$13,660,002</u>	<u>\$8,701,475</u>	<u>\$8,263,722</u>	<u>\$7,326,363</u>	<u>\$7,140,419</u>	<u>\$4,135,448</u>	<u>\$6,302,751</u>

Notes:

General fund:
Unassigned

Increased due to positive operations for the year

All other governmental funds:

Committed
Assigned
Unassigned

Increase due to increase in the capital nonrecurring fund balance

Increase due to the positive operations of the debt service fund

Increased mostly due to positive operations of the capital or nonrecurring fund

Table 2

Town of Haddam, Connecticut

**General Fund
Budgetary Basis
Changes in Fund Balances
Last Ten Years
(Unaudited)**

For the Year Ended June 30

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues:										
Property taxes	\$ 30,178,847	\$ 30,234,107	\$ 29,037,666	\$ 28,231,741	\$ 28,685,674	\$ 27,718,031	\$ 26,605,805	\$ 26,074,511	\$ 25,282,077	\$ 24,955,511
Intergovernmental	2,069,230	2,025,657	2,174,981	2,488,566	2,134,441	2,062,061	2,065,467	2,042,960	2,197,636	2,002,255
Charges for services	545,906	598,885	516,671	492,465	413,788	468,861	458,540	423,587	427,349	343,409
Income from investments	152,819	123,237	54,309	36,476	36,906	30,350	21,079	16,617	25,454	32,200
Other	16,527	41,132	-	-	-	-	-	-	-	-
Total revenues	<u>32,963,329</u>	<u>33,023,018</u>	<u>31,783,627</u>	<u>31,249,248</u>	<u>31,270,809</u>	<u>30,279,303</u>	<u>29,150,891</u>	<u>28,557,675</u>	<u>27,932,516</u>	<u>27,333,375</u>
Expenditures:										
Current:										
General government	2,357,453	2,284,690	2,367,671	2,579,160	2,334,129	2,193,121	2,156,365	2,355,152	2,381,744	2,200,767
Public safety	803,139	742,240	753,049	685,134	880,787	880,332	875,619	854,064	765,178	786,289
Public works	2,086,841	2,028,373	1,948,665	1,453,151	1,823,843	2,265,941	2,092,909	2,001,211	2,040,341	2,136,751
Health and welfare	369,695	370,763	420,490	458,998	399,354	304,083	297,313	296,389	329,147	352,571
Culture and recreation	478,601	499,474	519,111	517,526	529,841	535,287	518,521	513,115	497,520	502,753
Education	24,025,584	24,531,502	24,076,806	23,682,299	23,465,940	22,376,890	21,414,633	20,918,591	20,170,062	19,463,675
Debt service	688,115	705,315	195,965	217,787	254,285	257,785	49,921	49,921	49,921	87,019
Total expenditures	<u>30,809,428</u>	<u>31,162,357</u>	<u>30,281,757</u>	<u>29,594,055</u>	<u>29,688,179</u>	<u>28,813,439</u>	<u>27,405,281</u>	<u>26,988,443</u>	<u>26,233,913</u>	<u>25,529,825</u>
Excess (deficiency) of revenues over expenditures	<u>2,153,901</u>	<u>1,860,661</u>	<u>1,501,870</u>	<u>1,655,193</u>	<u>1,582,630</u>	<u>1,465,864</u>	<u>1,745,610</u>	<u>1,569,232</u>	<u>1,698,603</u>	<u>1,803,550</u>
Other financing sources (uses):										
Sale of capital assets	-	19,321	-	-	-	-	19,500	-	-	-
Transfers in	-	-	-	-	-	-	-	-	110,000	6,498
Transfers out	(2,047,000)	(1,550,073)	(1,301,800)	(1,770,158)	(1,047,200)	(969,178)	(1,667,070)	(1,093,103)	(1,185,102)	(1,263,260)
Net other financing sources (uses)	<u>(2,047,000)</u>	<u>(1,530,752)</u>	<u>(1,301,800)</u>	<u>(1,770,158)</u>	<u>(1,047,200)</u>	<u>(969,178)</u>	<u>(1,647,570)</u>	<u>(1,093,103)</u>	<u>(1,075,102)</u>	<u>(1,256,762)</u>
Net change in fund balances	<u>\$ 106,901</u>	<u>\$ 329,909</u>	<u>\$ 200,070</u>	<u>\$ (114,965)</u>	<u>\$ 535,430</u>	<u>\$ 496,686</u>	<u>\$ 98,040</u>	<u>\$ 476,129</u>	<u>\$ 623,501</u>	<u>\$ 546,788</u>
Debt service as a percentage of expenditures	<u>2.23%</u>	<u>2.26%</u>	<u>0.65%</u>	<u>0.74%</u>	<u>0.86%</u>	<u>0.89%</u>	<u>0.18%</u>	<u>0.18%</u>	<u>0.19%</u>	<u>0.34%</u>

Table 3

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		
2020	2018	\$767,456,126	\$1,096,365,894	\$74,332,348	\$108,019,480	\$182,351,828	\$260,807,954	\$ 949,807,954	\$1,356,868,505	70.00%	31.69
2019	2017	768,190,595	1,097,415,136	73,729,200	106,597,952	180,327,152	257,610,217	948,517,747	1,355,025,353	70.00%	31.69
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

Source: Tax Assessors, Town of Haddam

Table 4

Town of Haddam, Connecticut
Principal Property Taxpayers
For the Year Ended June 30, 2020
(Unaudited)

Taxpayer	(1) Assessment	Rank	Percent of Net Taxable Grand List
Eversource	\$ 79,680,140	1	8.39%
Connecticut Yankee Atomic Power	40,644,270	2	4.28%
MCAP Sabine Point LLC	7,898,430	3	0.83%
The Riverhouse Properties LLC	2,127,870	4	0.22%
Davidson and Company	2,037,160	5	0.21%
Bridge Street Associates	1,487,430	6	0.16%
Camp Bethel Assoc. Inc.	1,462,170	7	0.15%
Polke Grace Associates LLC	1,383,360	8	0.15%
Rogers Realty LLC	1,290,880	9	0.14%
Haddam Self Storage LLC	<u>1,212,510</u>	10	<u>0.13%</u>
Total	<u><u>\$ 139,224,220</u></u>		<u><u>14.66%</u></u>
Based on October 1, 2018 Net Taxable Grant List of:	<u><u>\$ 949,807,954</u></u>		

Source: Tax Assessor, Town of Haddam

Table 5

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
2020	31.69	2018	\$30,237,259	\$29,918,154	98.94%	\$ -	\$29,918,154	98.94%	\$ 319,105
2019	31.69	2017	30,059,816	29,876,405	99.00%	113,480	29,989,885	99.77%	69,931
2018	31.69	2016	28,916,621	28,665,940	99.00%	211,128	28,877,068	99.86%	39,553
2017	31.20	2015	28,157,815	27,883,290	99.00%	260,057	28,143,347	99.95%	14,468
2016	31.20	2014	28,544,380	28,250,410	99.00%	281,179	28,531,589	99.96%	12,791
2015	30.39	2013	27,531,502	27,265,986	99.00%	259,721	27,525,707	99.98%	5,795
2014	28.99	2012	26,502,050	26,201,284	99.00%	289,023	26,490,307	99.96%	11,743
2013	29.48	2011	25,987,612	25,722,557	99.00%	257,836	25,980,393	99.97%	7,219
2012	28.23	2010	25,123,509	24,809,142	99.00%	311,166	25,120,308	99.99%	3,201
2011	27.40	2009	24,653,639	24,322,687	99.00%	327,552	24,650,239	99.99%	3,400

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.

Table 6

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	Premium	Notes Payable	Total		
2020	\$ 13,325,000	\$ 795,864	\$ 450,000	\$ 14,570,864	0.59%	\$ 1,746
2019	7,790,000	279,918	-	8,069,918	1.31%	938
2018	8,255,000	296,253	-	8,551,253	1.20%	999
2017	8,720,000	309,060	-	9,029,060	1.15%	1,046
2016	2,380,000	56,445	-	2,436,445	4.16%	286
2015	2,520,000	59,973	47,897	2,627,870	3.89%	307
2014	2,660,000	63,501	93,856	2,817,357	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

Note: Details regarding the Town's outstanding debt can be found in the footnotes to the financial statements.

Table 7

Town of Haddam, Connecticut

**Ratios 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
2020	8,346	\$ 949,807,954	\$ 14,570,864	1.53%	\$ 1,746
2019	8,303	948,517,747	8,069,918	0.85%	938
2018	8,264	908,688,310	8,551,253	0.91%	999
2017	8,338	906,066,345	9,029,060	0.96%	1,046
2016	8,333	912,864,848	2,436,445	0.26%	286
2015	8,366	905,240,073	2,627,870	0.28%	307
2014	8,308	899,694,384	2,817,357	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

Sources:

- (1) State Department of Health
- (2) Table 3
- (3) Table 8

Table 8

Town of Haddam, Connecticut

Direct and Overlapping Debt
June 30, 2020
(Unaudited)

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Town</u>
Regional School District No. 17	\$ 10,285,000	61.40%	\$ 6,314,990
Town of Haddam direct debt			<u>14,570,864</u>
Total direct and overlapping debt			<u><u>\$ 20,885,854</u></u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the **Town of Haddam, Connecticut**. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Town of Haddam, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
For the Year Ended June 30, 2020
(Unaudited)

Tax Base:

Total tax collections (including interest and lien fees) for prior year \$ 30,189,794

Debt limitation:	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
2 1/4 times base	\$ 67,927,037	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	135,854,073	-	-	-
3 3/4 times base	-	-	113,211,728	-	-
3 1/4 times base	-	-	-	98,116,831	-
3 times base	-	-	-	-	90,569,382
Total debt limitation	<u>67,927,037</u>	<u>135,854,073</u>	<u>113,211,728</u>	<u>98,116,831</u>	<u>90,569,382</u>
Indebtedness:					
Bonds payable	13,325,000	-	-	-	-
Haddam's portion of Regional School District No. 17 bonds	<u>-</u>	<u>6,314,990</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>13,325,000</u>	<u>6,314,990</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 54,602,037</u>	<u>\$ 129,539,083</u>	<u>\$ 113,211,728</u>	<u>\$ 98,116,831</u>	<u>\$ 90,569,382</u>
The total net indebtedness above amounts to:					<u>\$ 19,639,990</u>
In no event shall total indebtedness exceed seven times the base for debt limitation computation					<u>\$211,328,558</u>

Table 10

Town of Haddam, Connecticut

**Demographic and Economic Statistics
Last Ten Years
(Unaudited)**

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		
2020	8,346	\$ 105,752	48	25%	12%	46%	1,204	7.3%
2019	8,303	105,875	48	25%	11%	46%	1,196	2.8%
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%

(1,2,3)

CERC Town Profile

(4)

Regional School District No. 17 annual budget

(5)

Connecticut Labor Department