

Town of Hampton, Connecticut

June 30, 2022

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# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

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### Independent Auditors' Report

Board of Finance  
Board of Selectmen  
Town of Hampton, Connecticut

#### Report on the Audit of the Financial Statements

##### Unmodified and Adverse Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hampton, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hampton, Connecticut's basic financial statements as listed in the table of contents.

##### *Unmodified Opinions on Governmental Activities, Each Major Fund and the Aggregate Remaining Fund Information*

In our opinion, the accompanying 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 Hampton, Connecticut, as of June 30, 2022, 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.

##### *Adverse Opinion on Aggregate Discretely Presented Component Units*

In our opinion, because of the significance of the matter discussed in the Basis for Unmodified and Adverse Opinions section of the report, the accompanying financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the Town of Hampton, Connecticut, as of June 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Single Audit Act (C.G.S. Sections 4-230 to 236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Hampton, Connecticut and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse opinions.

##### *Matters Giving Rise to Adverse Opinion on Aggregate Discretely Presented Component Units*

The financial statements do not include the financial data of entities determined to be component units of the Town of Hampton, Connecticut. Accounting principles generally accepted in the United States of America require that the financial reporting entity consist of the primary government and its component units, organizations for which the primary government is financially accountable or 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. In addition, accounting principles generally accepted in the United States of America require the financial data for component units to be reported with the financial data of the Town's primary government unless the Town also issues financial statements for the financial reporting entity that include the financial data for its component units. The Town has not issued such reporting entity financial statements. Information regarding the assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenses of the determined component units of the Town were not provided so therefore the financial effect of this exclusion cannot be determined.

## **Emphasis of Matter - Change in Accounting Principle**

As discussed in Note 16 to the financial statements, effective July 1, 2021, the Town of Hampton, Connecticut adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 87, *Leases*. This new guidance requires lessees to recognize a right to use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all applicable leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the State Single Audit Act will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* and the State Single Audit Act we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the pension and OPEB schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hampton, Connecticut's basic financial statements. The accompanying combining and individual fund financial statements and other supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and other supplemental schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023, on our consideration of the Town of Hampton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hampton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hampton, Connecticut's internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC



Scarborough, Maine  
February 9, 2023

**Town of Hampton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2022

Our discussion and analysis of the Town of Hampton, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2022. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements.

**Financial Highlights - Government-wide financial statements**

- The Town's total assets exceeded its total liabilities by \$13,029,620 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$12,254,325, as restated. This represents a favorable increase of \$775,295 or approximately 6.33%.
- The Town's net investment in capital assets net position balance is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The total net investment in capital assets net position balance of the Town was \$7,514,656 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$7,629,043, as restated. This represents a decrease of approximately 1.50% which is the result of a decrease in the related debt of \$26,096, current year depreciation in the amount of (\$519,217) and current year capital asset additions in the amount of \$378,734. These current year additions included school technology purchases in the amount of \$46,825, a school playscape in the amount of \$21,883, a school arsenic treatment system in the amount of \$13,980, town meeting room video equipment in the amount of \$7,941, a new attachment for the back hoe in the amount of \$1,290 as well as current year paving and related costs in the amount of \$286,815 which are classified as infrastructure and improvement assets.
- The Town's restricted net position is used to account for funds received with constraints imposed by grantors and contributors. This net position *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net position balance of the Town was \$3,067,594 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$3,057,912. This represents an increase of approximately .32%. This increase is made up of a number of individual increases and decreases in the components of the restricted net position balance which can be seen on the net position comparison section on page 6.
- The Town's unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Town was \$2,447,370 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$1,567,370, as restated. This represents a favorable increase of approximately 56.15%. This relates mostly to the current fiscal year surpluses and deficits within the town general and other funds which are more fully described in the fund financial statements.
- The Town's total revenues for its governmental activities were \$6,299,549 for the current fiscal. This revenue balance includes \$3,981,178 in property tax revenue, \$2,056,636 in operating and capital grants and \$120,137 in charges for services. The current fiscal year revenues compare to prior fiscal year revenues of \$6,578,965 as restated, a decrease of approximately 4.25%. The prior fiscal year revenues and expenses were restated by increasing the reported amount of on-behalf and benefits provided by the State in relation to pension and OPEB contributions and pension and OPEB revenues and expenses provided by the State for the Teachers Retirement System to correctly match the provided pension and OPEB disclosure reporting provided by the State.
- The cost of the Town's governmental activities was \$5,524,254 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$3,347,481 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$120,137, and through operating and capital grants received in the amount of \$2,056,636. This amounts to approximately 60.60% of the cost of these governmental activities actually being financed by general revenues of the Town. The current fiscal year expenditures compare to prior fiscal year expenditures of \$6,355,655, as restated, a decrease of approximately 13.08%. The individual breakdown of how these charges for services and operating and capital grants were received by department is shown in the statement of activities on page 12.
- The Board of Education and the related programs of the Town received approximately \$278,002 in grant dollars from a number of sources including state grant funds and federal pass-through grant funds to assist in a number of educational programs and projects from the school readiness programs to improving basic programs. This compares to \$229,124 being received during the prior fiscal year. General state education cost sharing funds have not been included. These revenue amounts represent the amounts recorded by the Town in the fund financial statements. The amounts shown in the government-wide financial statements have been adjusted for unearned amounts which are recorded as unearned revenues on the statement of net position.

**Town of Hampton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2022

**Using this annual report**

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities which are shown on pages 11 and 12 and which provide information about the activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances which are shown on pages 13 and 15 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. The fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position which are shown on page 17. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education.

**Reporting the Town as a whole**

Our analysis of the Town as a whole begins on page 11 with the statement of net position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal year activities?" The statement of net position and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. The statement of net position includes all of the assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities.

These two statements report the Town's net position and the changes in this net position. You can think of this net position as one way to measure the financial health and financial position of the Town. The net position balance is made up of the difference between the assets and liabilities of the Town. Over time, increases and decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. However, you also need to consider other non-financial factors which affect the overall financial health of the Town such as changes in the property tax base, the conditions of the infrastructure of the Town and the general economy present at the time. These two statements are divided into three different kinds of activities on the reporting level. These categories are governmental, business-type and discretely presented component units. The Town's activities are classified solely as governmental activities and are characterized as follows:

- Governmental activities - All of the Town's basic services are reported here, including general government, public safety, public works, sanitation and waste services, health and welfare services, education, and other general and program and unclassified activities. Property tax revenues, charges for services, state and federal operating and capital grants and other funding, and other miscellaneous revenues fund most of these activities in whole or in part.

**Reporting the Town's most significant funds**

Our analysis of the Town's major funds begins on page 13 with the balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law or by bond covenants. In addition, the Board of Finance of the Town has the authority to establish many other funds to help control and manage money for particular purposes (such as the school lunch fund and town clerk funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for school grants). The Town uses governmental funds which are characterized as follows:

- Governmental funds - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting measures cash and all other financial assets that can readily be converted into cash. The governmental fund financial statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs and activities. The relationship between governmental activities and governmental funds is presented in a reconciliation at the bottom of the fund financials.

**Town of Hampton, Connecticut**  
**Management's Discussion and Analysis**  
June 30, 2022

**The Town as a trustee**

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

**The Town as a whole - Assets, liabilities, and net position**

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. The current ratio compares the current assets of the Town to its current liabilities and gives an indication of the Town's ability to pay current obligations. As of the end of the current fiscal year the current ratio of the Town was 5.12 to 1 compared to the end of the prior fiscal year when the current ratio was 4.14 to 1. This current and prior fiscal year ratio is considered very strong. Another indication of the Town's ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current liabilities from the current assets. As of the end of the current fiscal year the Town's positive working capital balance was \$2,095,000. This compares to the prior fiscal year positive balance of \$1,741,081. This represents a favorable increase of approximately 20.33%.

	Governmental activities		Percentage of total	
	2022	2021	2022	2021
Current assets	\$ 2,603,415	\$ 2,295,742	19.13%	17.12%
Other assets	3,455,569	3,418,697	25.39%	25.50%
Capital assets	7,551,999	7,692,482	55.48%	57.38%
Total assets	<u>13,610,983</u>	<u>13,406,921</u>	<u>100.00%</u>	<u>100.00%</u>
Current and other liabilities	508,415	554,661	87.45%	48.12%
Long-term liabilities	72,948	597,935	12.55%	51.88%
Total liabilities	<u>581,363</u>	<u>1,152,596</u>	<u>100.00%</u>	<u>100.00%</u>
Net position:				
Net investment in capital assets	7,514,656	7,629,043	62.47%	62.26%
Restricted	3,067,594	3,057,912	25.50%	24.95%
Unrestricted	2,447,370	1,567,370	12.03%	12.79%
Total net position	<u>\$ 13,029,620</u>	<u>\$ 12,254,325</u>	<u>100.00%</u>	<u>100.00%</u>
Restricted net position:				
Expendable:				
Restricted contribution funds	\$ 7,313	\$ 7,763		
Enabling legislation related funds	4,713	3,727		
Non-principal portion of permanent and other funds	4,427	4,426		
Small cities program funds	2,995,265	2,998,564		
	<u>3,011,718</u>	<u>3,014,480</u>		
Non-expendable:				
Prepaid items	24,253	11,809		
Principal portion of permanent and other funds	31,623	31,623		
	<u>55,876</u>	<u>43,432</u>		
	<u>\$ 3,067,594</u>	<u>\$ 3,057,912</u>		



**Town of Hampton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2022

**The Town as a whole - Revenues, expenses, and changes in net position**

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year. The revenues and expenses shown below are recorded on the accrual basis of accounting. Program revenues received by the Town specifically relating to or generated by individual departments are applied to the departmental expenditures to determine the amount and percentage of total Town expenditures actually financed by the general revenues of the Town. This amount and percentage is shown at the bottom of this schedule and can be used to give the reader an indication of how the Town's activities were financed during the current fiscal year. The expenses shown below indicates the general make-up of the Town's spending by department and as a percentage of total spending.

	Governmental activities		Percentage of total	
	2022	2021	2022	2021
<b>Program revenues</b>				
Charges for services	\$ 120,137	\$ 116,877	1.90%	1.78%
Operating grants	1,808,171	2,371,275	28.70%	36.04%
Capital grants	248,465	9,982	3.94%	0.15%
<b>General revenues</b>				
Property taxes, interest, and liens	3,981,178	3,864,945	63.20%	58.75%
State property tax relief revenues	26,575	13,047	0.42%	0.20%
Other unclassified state revenues	38,138	37,921	0.60%	0.58%
Interest income	5,341	2,742	0.08%	0.04%
Return of school equity	-	100,213	-	1.52%
Miscellaneous	71,544	61,963	1.16%	0.94%
<b>Total revenues</b>	<u>6,299,549</u>	<u>6,578,965</u>	<u>100.00%</u>	<u>100.00%</u>
<b>Expenses</b>				
General government	553,260	554,358	10.01%	8.72%
Public safety	269,846	229,337	4.88%	3.61%
Public works	348,933	327,191	6.32%	5.15%
Sanitation and waste	131,295	135,280	2.38%	2.13%
Health and welfare	23,695	28,655	0.43%	0.45%
Education	3,417,675	3,887,428	61.87%	61.16%
Education - on behalf	479,495	893,532	8.68%	14.06%
General and program	104,699	126,181	1.90%	1.99%
Unclassified	7,086	7,489	0.13%	0.12%
Capital outlay	1,546	-	0.03%	-
Debt service				
Interest	2,557	-	0.05%	-
Depreciation				
General infrastructure	184,167	166,204	3.32%	2.61%
<b>Total expenses</b>	<u>5,524,254</u>	<u>6,355,655</u>	<u>100.00%</u>	<u>100.00%</u>
 Change in net position	 775,295	 223,310		
<b>Net position - July 1, as restated</b>	<u>12,254,325</u>	<u>12,031,015</u>		
<b>Net position - June 30</b>	<u>\$ 13,029,620</u>	<u>\$ 12,254,325</u>		
 Expenses financed by general revenues.				
Total expenses	\$ 5,524,254	\$ 6,355,655		
Total program revenues	<u>-2,176,773</u>	<u>-2,498,134</u>		
	<u>\$ 3,347,481</u>	<u>\$ 3,857,521</u>	<u>60.60%</u>	<u>60.69%</u>

**Town of Hampton, Connecticut**  
**Management's Discussion and Analysis**  
June 30, 2022

**Capital assets**

The capital assets of the Town include land and improvements, buildings and improvements, vehicles, equipment, right to use assets and infrastructure assets used in the operations of the Town and that have an initial useful life extending beyond one year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. The infrastructure assets shown below include current and prior fiscal year expenses recorded at the actual historical cost or estimated historical cost when actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1J on page 23 and note 5 on page 32.

	Governmental Activities		Percentage of total	
	2022	2021	2022	2021
Land and improvements	\$ 936,485	\$ 936,485	5.97%	6.12%
Right to use assets	163,097	163,097	1.04%	1.07%
Buildings and improvements	7,907,695	7,907,695	50.43%	51.68%
Vehicles	1,713,315	1,712,025	10.93%	11.19%
Equipment	723,374	632,745	4.61%	4.14%
Infrastructure and improvements	4,236,477	3,949,662	27.02%	25.80%
Total historical cost	<u>15,680,443</u>	<u>15,301,709</u>	<u>100.00%</u>	<u>100.00%</u>
Less accumulated depreciation	<u>-8,128,444</u>	<u>-7,609,227</u>		
Total capital assets (net)	<u>\$ 7,551,999</u>	<u>\$ 7,692,482</u>		

**Debt administration**

The types of long-term debt normally incurred by the town include bonds, notes and right to use leases payable and the types of other debt related liabilities of the town include accrued compensated balances (earned vacation and longevity payment balances) in accordance with the established personnel policies of the Town and Board of Education and other post employment benefit liabilities in accordance with generally accepted accounting principles. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The applicable state debt limitations as set forth in the Connecticut General Statutes, Section 7-374 (b) and the towns outstanding balances in comparison to these limitations can be found in the Schedule of Debt Limitations, Sub-Schedule C on page 60. The comparison of the outstanding debt shown below indicates that the general make-up of the Town's different types of debt as a percentage of total debt was consistent for the current fiscal year in comparison to the prior fiscal year. The portion due within one year and due after one year changed based on variations in the applicable payment schedules. More detailed information on Town debt can be found in note 7 starting on page 33.

	Governmental Activities		Percentage of total	
	2022	2021	2022	2021
Outstanding payables:				
Portion due within one year	\$ 28,706	\$ 26,096	28.24%	4.18%
Portion due after one year	9,565	37,343	9.41%	5.98%
Other liabilities:				
Accrued compensated balances - town	7,276	7,151	7.16%	1.15%
Accrued compensated balances - school	4,500	3,000	4.43%	0.48%
Other post employment benefits	51,607	550,441	50.76%	88.21%
Total debt	<u>\$ 101,654</u>	<u>\$ 624,031</u>	<u>100.00%</u>	<u>100.00%</u>

**Town of Hampton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2022

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance Sheet on page 13 and the Statement of Revenues, Expenditures and Changes in fund balances on page 15.

**Financial highlights - Fund financial statements**

- The total assets of the Town's governmental funds exceeded the total liabilities by \$5,451,062 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$5,397,726 as restated, a favorable increase of \$53,336 or approximately 1.00%. This favorable increase is due to the negative results of the general fund of (\$60,758), the negative results of the small cities program fund of (\$3,299), the positive results of the capital non-recurring fund of \$110,404 and the positive results of the non-major governmental funds of \$6,989. These increases and decreases can be seen by reviewing Statement D on page 15 and the corresponding combining schedules and sub-schedules as shown in the table of contents.
- The total revenues of the Town's governmental funds were \$5,479,989, not including on behalf education revenues, for the current fiscal year in comparison to \$6,107,879 during the prior fiscal year, a decrease of approximately 10.28%. This revenue balance includes property tax revenues of \$3,634,872 and intergovernmental revenues of \$1,647,095, not including on behalf education revenues. The amount of property tax revenues recognized by the Town decreased by (\$348,973) from the prior fiscal year due in large part to a lower than expected collection rate which resulted in the outstanding taxes receivable balance increasing from \$95,928 during the prior fiscal year to \$408,862 in the current fiscal year.
- The total expenditures of the Town's governmental funds were \$5,428,199, not including on behalf education expenditures, for the current fiscal year in comparison to \$5,519,051 during the prior fiscal year, a decrease of approximately 1.65%. This expenditure balance includes education expenditures of \$3,776,182 for elementary and secondary education programs and current fiscal year capital expenditures of \$378,734 which included \$59,413 of capital expenditures related to town and school grants, \$1,290 of capital expenditures related to the capital non-recurring fund, \$31,216 of capital expenditures included in the education line item within the general fund and \$286,815 of current year paving and related costs included in the public works line item within the general fund.
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was a negative (\$60,758) for the current fiscal year in comparison to a positive \$501,835 for the prior fiscal year. This represents an unfavorable decrease relating in part to the following selected current and prior fiscal year budgetary highlights. See the budget to actual required supplementary information shown on pages 46 through 48 for more detailed information on actual revenues and expenditures in comparison to the budgeted amounts.
- The actual revenues received in the Town's general fund were (\$177,558) lower than the budget revenues for the current fiscal year which is an unfavorable variance. This "under collection" of budgeted revenues relates to a number of budgeted revenue categories. Property tax revenue was (\$262,783) under the budgeted amount while charges for services was \$41,987 over the budgeted amount. Other intergovernmental revenues were \$24,183 over the budgeted amount and interest income was \$1,995 over the budgeted amount. This compares to an over collection of revenues during the prior fiscal year of \$317,485 which was a favorable variance.
- The actual program expenditures in the Town's general fund were \$158,174 lower than the budgeted expenditures for the current fiscal year which is a favorable variance in comparison to \$247,373 lower during the prior fiscal year which was also a favorable variance. This under expenditure was due in part to the elementary education account which was under-expended by \$47,610, the road maintenance account which was under-expended by \$29,065 and the health insurance account which was under-expended by \$16,866. Transfers from the general fund to other town funds included transfers to the capital non-recurring fund of \$124,308 to fund current fiscal year expenditures and the school capital account and from the school general fund of \$43,000 to the school lunch program to fund operations and the future purchase of a new dishwasher.
- In the current fiscal year, the Town approved the use of a total of \$25,298 of its unassigned general fund balance. This included \$5,298 towards the purchase of items related to the new town backhoe as approved at a special town referendum and \$20,000 for the school capital fund in accordance with state statute section 10-248a. This is in effect the same as budgeting for a loss due to the fact that prior year accumulated balances cannot be shown as current year revenues. The town approved the use of \$127,231 of its unassigned general fund balance during the prior fiscal year.

**Town of Hampton, Connecticut**  
Management's Discussion and Analysis  
June 30, 2022

**Economic factors and next year's budgets and rates**

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in the 2023 fiscal year and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.50% above the previous year, or the rate of inflation, whichever is greater. The cap includes certain exemptions relating to increases in debt service, special education costs, claims and judgements and costs incurred related to major disaster or emergency declarations. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap may receive a reduced municipal revenue sharing grant.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- The potential impact of the pandemic on the local economy, businesses and Town revenues is being continually monitored. For the current fiscal year, there was a negative impact on income from investments and building permits, but other revenues such as recording fees and conveyance taxes were positively impacted. The Town did not see any impact on tax collections for the current fiscal year and there is no indication that there will be an impact on the 2023 fiscal year collections.

All of these factors were considered in preparing the Town's 2023 fiscal year budget. Both the general government and elementary school budget were approved by the Board of Finance on May 24, 2022 and adopted at a town referendum on June 28, 2022. The general government budget totaled \$1,720,505, a decrease of (\$42,802) or approximately 2.43% from the 2022 fiscal year budget. The elementary school budget totaled \$2,039,382, an increase of \$21,152 or approximately 1.05% from the 2022 fiscal year budget.

**Contacting the Town's financial management**

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have questions about this report or need additional financial information, contact the Town Treasurers office or the office of the First Selectman at 164 Main Street, Hampton, Connecticut 06247.

**Town of Hampton, Connecticut**  
Statement of Net Position  
June 30, 2022

	Governmental activities
<b>Assets</b>	
Cash and cash equivalents	\$ 786,641
Investments	1,371,764
Restricted cash and cash equivalents	833,476
Restricted investments	29,963
Receivables, net:	
Property taxes	408,862
Interest on property taxes	70,897
Intergovernmental	3,818
Accounts	240
Tax acquired property	7,837
Prepaid items	24,253
Notes receivable	2,521,233
Capital assets, non-depreciable	936,485
Capital assets, net	6,615,514
Total assets	13,610,983
 <b>Liabilities</b>	
Accounts payable	49,723
Accrued payroll	88,495
Other liabilities	425
Internal balances	819
Unearned revenues	340,247
Long-term debt	
Portion due within one year	28,706
Portion due after one year	9,565
Accrued compensated balances	11,776
Total OPEB liability	51,607
Total liabilities	581,363
 <b>Net Position</b>	
Net Investment in capital assets	7,514,656
Restricted	
Expendable	3,011,718
Non-expendable	55,876
Unrestricted	2,447,370
Total net position	\$ 13,029,620

See the accompanying notes to the financial statements.

**Town of Hampton, Connecticut**  
Statement of Activities  
For the year ended June 30, 2022

Primary government:	Expenses	Program Revenues			Net (expense) revenue and changes in net position Total governmental activities
		Charges for services	Operating grants and contributions	Capital grants and contributions	
<b>Governmental activities:</b>					
General government	\$ -553,260	\$ 99,259	\$ 9,867	\$ -	\$ -444,134
Public safety	-269,846	2,101	1,238	-	-266,507
Public works	-348,933	-	-	-	-348,933
Sanitation and waste	-131,295	6,765	-	-	-124,530
Health and welfare	-23,695	-	-	-	-23,695
Education	-3,417,675	12,012	1,317,571	-	-2,088,092
Education - on behalf and benefits	-479,495	-	479,495	-	-
General and program	-104,699	-	-	-	-104,699
Unclassified	-7,086	-	-	-	-7,086
Capital outlay	-1,546	-	-	248,465	246,919
Debt service					
Interest	-2,557	-	-	-	-2,557
Depreciation					
General infrastructure	-184,167	-	-	-	-184,167
	<u>\$ -5,524,254</u>	<u>\$ 120,137</u>	<u>\$ 1,808,171</u>	<u>\$ 248,465</u>	<u>\$ -3,347,481</u>
<b>General revenues:</b>					
Property tax revenues					3,981,178
State property tax relief revenues					26,575
Other unclassified state revenues					38,138
Interest and dividends					5,341
Miscellaneous					71,544
Total general revenues					<u>4,122,776</u>
Change in net position					775,295
Net position - July 1, as restated					<u>12,254,325</u>
Net position - June 30					<u>\$ 13,029,620</u>

See the accompanying notes to the financial statements.

**Town of Hampton, Connecticut**  
**Balance Sheet - Governmental Funds**  
**June 30, 2022**

	General fund	Small cities program fund	Capital & nonrecurring fund	Non-major governmental funds	Total governmental funds
<b>Assets</b>					
Cash	\$ 975,560	\$ 475,116	\$ 117,870	\$ 51,571	\$ 1,620,117
Investments	1,034,911	-	336,853	29,963	1,401,727
Receivables (net of allowance)					
Property taxes	408,862	-	-	-	408,862
Intergovernmental	1,898	-	-	1,920	3,818
Other	240	-	-	-	240
Tax acquired property	7,837	-	-	-	7,837
Notes receivable	-	2,521,233	-	-	2,521,233
Prepaid items	15,238	-	9,015	-	24,253
Due from other funds	213	-	22,655	340,164	363,032
Total assets	<u>\$ 2,444,759</u>	<u>\$ 2,996,349</u>	<u>\$ 486,393</u>	<u>\$ 423,618</u>	<u>\$ 6,351,119</u>
<b>Liabilities</b>					
Accounts payable	\$ 38,525	\$ 1,084	\$ 8,731	\$ 1,383	\$ 49,723
Accrued payroll	78,486	-	-	10,009	88,495
Other liabilities	425	-	-	-	425
Due to fiduciary funds	819	-	-	-	819
Due to other funds	358,260	-	4,559	213	363,032
Total liabilities	<u>476,515</u>	<u>1,084</u>	<u>13,290</u>	<u>11,605</u>	<u>502,494</u>
<b>Deferred inflows of resources</b>					
Unavailable revenue - property taxes	397,563	-	-	-	397,563
<b>Fund balances</b>					
Nonspendable	15,238	-	9,015	31,623	55,876
Restricted	-	2,995,265	-	314,832	3,310,097
Committed	-	-	462,687	-	462,687
Assigned	10,881	-	-	66,681	77,562
Unassigned	1,544,562	-	1,401	-1,123	1,544,840
Total fund balances	<u>1,570,681</u>	<u>2,995,265</u>	<u>473,103</u>	<u>412,013</u>	<u>5,451,062</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,444,759</u>	<u>\$ 2,996,349</u>	<u>\$ 486,393</u>	<u>\$ 423,618</u>	<u>\$ 6,351,119</u>

See the accompanying notes to the financial statements.

**Town of Hampton, Connecticut**  
**Reconciliation of Statement C to Statement A**  
**for all Governmental Funds and Activities**  
**June 30, 2022**

Fund balances of governmental funds as shown on Statement C		\$ 5,451,062
Amounts reported for governmental activities in the government-wide financial statements (Statement A) differ from the amounts reported in the fund financial statements (Statement C):		
1 Capital assets used in governmental activities are not financial resources and are not reported on Statement C however they are reported on Statement A and must be added in:		
Cost	15,680,443	
Less accumulated depreciation	<u>-8,128,444</u>	7,551,999
2 The majority of the property tax receivable long-term asset is not available to pay for current period expenditures and therefore it is reported as deferred inflows of resources on Statement C however this amount is considered earned when billed and in turn recorded as revenue on Statement A and therefore must be added back in:		397,563
3 Certain grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in the fund financial statements on the modified accrual basis of accounting. However, the government-wide financial statements record revenues when they have been earned on the accrual basis of accounting and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out:		-340,247
4 Interfund receivable and payable balances between governmental funds are reported on Statement C but eliminated on the Statement A:		
Interfund receivables	363,032	
Interfund payables	<u>-363,032</u>	-
5 Long-term liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and must therefore be subtracted out:		
Notes payable	-928	
Right to use leases payable	-37,343	
Accrued compensated balances	-11,776	
Other post-employment benefits liability	<u>-51,607</u>	-101,654
6 Delinquent interest and lien fees are recorded as revenue when received and when they become available and measurable however these amounts are recorded on Statement A due to the fact that the amounts are viewed to have been earned and therefore they must be added back in. These interest and fees apply to active tax receivable balances and do not include suspense related balances.		<u>70,897</u>
Net position of governmental activities as shown on Statement A		<u>\$ 13,029,620</u>

See the accompanying notes to the financial statements.



**Town of Hampton, Connecticut**  
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds  
For the year ended June 30, 2022

	General fund	Small cities program fund	Capital & nonrecurring fund	Non-major governmental funds	Total governmental funds
<b>Revenues</b>					
Property tax revenues	\$ 3,634,872	\$ -	\$ -	\$ -	\$ 3,634,872
Intergovernmental - education	1,058,356	-	-	278,002	1,336,358
Intergovernmental - on behalf	281,020	-	-	-	281,020
Intergovernmental - tax relief	26,575	-	-	-	26,575
Intergovernmental - other	284,162	-	-	-	284,162
Charges for services	104,937	-	894	14,306	120,137
Interest income	4,020	-	981	340	5,341
Miscellaneous	67,696	-	-	4,848	72,544
<b>Total revenues</b>	<b>5,461,638</b>	<b>-</b>	<b>1,875</b>	<b>297,496</b>	<b>5,761,009</b>
<b>Expenditures</b>					
Current:					
General government	486,015	3,299	8,414	11,034	508,762
Public safety	236,237	-	6,075	1,238	243,550
Public works	566,531	-	-	15	566,546
Sanitation and waste	135,430	-	-	-	135,430
Health and welfare	23,695	-	-	-	23,695
Education	3,521,495	-	-	254,687	3,776,182
Education - on behalf	281,020	-	-	-	281,020
General and program	97,579	-	-	7,120	104,699
Unclassified	7,086	-	-	-	7,086
Capital outlay	-	-	1,290	59,413	60,703
Non-cash note payable purchase	1,546	-	-	-	1,546
Debt service:					
Principle	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>5,356,634</b>	<b>3,299</b>	<b>15,779</b>	<b>333,507</b>	<b>5,709,219</b>
Excess (deficiency) of revenues over (under) expenditures	105,004	-3,299	-13,904	-36,011	51,790
Other financing sources (uses)					
Non-cash note payable proceeds	1,546	-	-	-	1,546
Transfers in	-	-	124,308	43,000	167,308
Transfers out	-167,308	-	-	-	-167,308
<b>Total other financing sources (uses)</b>	<b>-165,762</b>	<b>-</b>	<b>124,308</b>	<b>43,000</b>	<b>1,546</b>
Net change in fund balance	-60,758	-3,299	110,404	6,989	53,336
<b>Fund balance - July 1, as restated</b>	<b>1,631,439</b>	<b>2,998,564</b>	<b>362,699</b>	<b>405,024</b>	<b>5,397,726</b>
<b>Fund balance - June 30</b>	<b>\$ 1,570,681</b>	<b>\$ 2,995,265</b>	<b>\$ 473,103</b>	<b>\$ 412,013</b>	<b>\$ 5,451,062</b>

See the accompanying notes to the financial statements.

**Town of Hampton, Connecticut**  
Reconciliation of Statement D to Statement B  
for all Governmental Funds and Activities  
For the year ended June 30, 2022

Net changes in governmental fund balances as shown on Statement D		\$ 53,336
Amounts reported for governmental activities in the government-wide financial statements (Statement B) differ from the amounts reported in the fund financial statements (Statement D):		
1 Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over their estimated useful lives in Statement B:		
Current year capital asset purchases to be capitalized	378,734	
Current year depreciation expense on current and previous capital assets	<u>-519,217</u>	-140,483
2 Property tax revenues are recognized on Statement D as described in note 1F of the notes to the financial statements however property tax revenues are recorded in the full amount of the annual levy in Statement B and therefore the current year adjustment described in note 1F must be added back in or subtracted back out:		313,997
3 The basis of presentation and revenue recognition is different from the government-wide financial statements shown on Statement B and the fund financial statements shown on Statement D. This difference in revenue recognition policies results in certain revenue amounts being recognized in Statement D and being recorded as unearned in Statement B:		
Prior year unearned revenue amounts to be recognized	334,006	
Current year revenue amounts to be recorded as unearned	<u>-340,247</u>	-6,241
4 Interfund transfers between governmental funds are reported on Statement D but must be eliminated on Statement B:		
Transfers in	167,308	
Transfers out	<u>-167,308</u>	-
5 Payments on and changes in long-term liabilities are recorded as current year activities on Statement D however they are shown as increases or decreases in liability accounts in the government-wide financial statements and therefore must be adjusted accordingly:		
Note payable proceeds	-1,546	
Note payable principal repayment	618	
Right to use leases payable principal repayment	26,096	
Accrued compensated balances increase	-1,625	
Other post-employment benefit liability decrease	<u>498,834</u>	522,377
6 Estimated accounts receivable for delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on Statement B and therefore must not be shown as current activity:		
Prior year recorded delinquent interest and lien receivable balance	-38,588	
Current year recorded delinquent interest and lien receivable balance	<u>70,897</u>	<u>32,309</u>
Change in net position of governmental activities as shown on Statement B		<u>\$ 775,295</u>

See the accompanying notes to the financial statements.

**Town of Hampton, Connecticut**  
Statement of Fiduciary Net Position and Statement of Changes  
in Fiduciary Net Position - Fiduciary Funds  
As of and for the year ended June 30, 2022

	Custodial funds
<b>Assets</b>	
Cash	\$ 5,215
Investments	-
Accounts receivable	46
Due from other funds	819
Total assets	6,080
<b>Liabilities</b>	
Accounts payable	-
Accrued payroll	-
Other liabilities	-
Due to other funds	-
Total liabilities	-
<b>Net position</b>	
Restricted	
Expendable	6,080
Non-expendable	-
Unrestricted	-
Total net position	6,080
Total liabilities and net position	\$ 6,080
<b>Additions</b>	
Collections for student groups/activities	\$ 1,181
Collections for other groups	3,460
Interest income	-
Miscellaneous	-
Total additions	4,641
<b>Deductions</b>	
Payments for student groups/activities	795
Payments for other groups	3,529
Capital expenditures	-
Miscellaneous	-
Total deductions	4,324
Change in net position	317
<b>Net position - July 1</b>	5,763
<b>Net position - June 30</b>	\$ 6,080

See the accompanying notes to the financial statements.

**Town of Hampton, Connecticut**  
Notes to the Financial Statements  
June 30, 2022

The Town of Hampton, Connecticut was incorporated in 1786 under the General Statutes of the State of Connecticut and is located in Windham County. The Town is a municipal corporation governed by an elected Board of Selectmen and Board of Finance.

**Note 1 - Summary of Significant Accounting Policies**

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting. The basic financial statements of the Town consist of government-wide financial statements and fund financial statements. The basis of presentation, measurement focus, and basis of accounting differ for these two types of financial statements and are described separately in Section B and C below. The other following sections represent a summary of the significant accounting policies as applied by the Town.

**A. Reporting Entity**

The financial reporting entity consists of the primary government and its component units, organizations for which the primary government is financially accountable or 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. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are, for financial reporting purposes, part of the primary government. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. The determination of whether an entity should be included as a component unit of the primary government includes not only the application of the aforementioned criteria but a consideration as to whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

The Town has determined that the Hampton Volunteer Fire Department (the Department) meets the definition of a component unit due to its fiscal dependence on the Town. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated directly to the Department which funds a portion of its operations. In addition, the Town makes an annual awards program payment on behalf of the Department which was \$50,000 for the current fiscal year. Though the Town does not directly have the authority to approve or modify the budget of the Department, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition, the public safety complex and the related operating, maintenance and utility costs of the building and other equipment items used by the Department may be purchased by the Town. This also creates a level of fiscal dependence due to the fact that the Department could not function in its current capacity without this assistance. In addition to the level of fiscal dependence between the Town and the Department, the Town considers the nature and significance of the relationship with the primary government as such that exclusion would cause the reporting entity's financial statements to be misleading.

The Town has also determined that the Fletcher Memorial Library (the Library) meets the definition of a component unit due to its fiscal dependence on the Town. For a legally separate entity to be considered fiscally independent it must, among other things, have the authority to determine its budget without the primary government having the authority to approve and modify that budget. The Town approves a certain amount of money on an annual basis to be appropriated directly to the Library which funds a portion of its operations. Though the Town does not directly have the authority to approve or modify the budget of the Library, it does indirectly do this by deciding the amount that it will or will not appropriate on an annual basis. In addition to the level of fiscal dependence between the Town and the Library, the Town considers the nature and significance of the relationship with the primary government as such that exclusion would cause the reporting entity's financial statements to be misleading.

The activities of the Department and the Library should be shown on the Town's financial statements as discretely presented component units in accordance with the provisions of GASB Statement No. 14 as amended by Statement Nos. 39 and 61 and any additional and available guidance or implementation guides. Audited financial information of the Department and the Library, however, has not been included in the accompanying government-wide financial statements and therefore the independent auditors' report includes an opinion modification.

**Town of Hampton, Connecticut**  
Notes to the Financial Statements  
June 30, 2022

**B. Government-Wide Financial Statements**

**1. Basis of Presentation**

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information about the Town as a whole without displaying individual funds or fund types. These statements distinguish between the primary government as well as the governmental and business-type activities of the Town. These statements do not include information about the fiduciary activities and funds of the Town or component units which are fiduciary in nature. Fiduciary activities and funds report assets which are held by the Town in a trustee or custodial capacity and which cannot be used to support the activities and programs of the Town.

The statement of net position presents the financial position of the governmental and business-type activities of the primary government of the Town and any discretely presented component units at the end of the fiscal year. This statement reports the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the Town. The assets and liabilities are presented in the order of their relative liquidity. The liquidity of assets is determined by how readily they are expected to be converted into cash and whether there are restrictions in place limiting their use by the Town. The liquidity of liabilities is determined by their maturity or by when cash will be used to liquidate them. The net position balance of the Town consists of the net investment in capital assets (total capital assets net of accumulated depreciation and reduced by the total outstanding debt incurred to purchase the assets), restricted and unrestricted amounts. Restricted net position is present when constraints are imposed externally by creditors, grantors, contributors, other governments, or by law through constitutional provisions or enabling legislation. Unrestricted net position consists of all net position balances not meeting the definition of net investment in capital assets or restricted. Internal balances between individual funds within the governmental activities are eliminated in this statement to minimize the "grossing-up" of assets and liabilities. These internal balances are also known as inter-fund receivables and payables and are shown in the fund financial statements as due to and due from other funds. Any residual amounts due between the governmental and business-type activities of the Town would be shown as an internal balance on the statement of net position which would cancel out in the total column for the primary government. Any residual amounts due between the governmental and fiduciary activities of the Town would be shown as an internal balance on the statement of net position.

The statement of activities presents the operations of the governmental and business-type activities (when present) of the primary government of the Town for the fiscal year. The operations of the Town are shown in a format which reports the net (expense) revenue of the individual functions of the Town. The purpose of this net (expense) revenue format is to report the relative financial burden of each of the Town's functions on the taxpayers. Program revenue is applied to each function based on which function generated the specific charges for services and for which functions the operating and capital grants have been received. All taxes are shown as general revenues regardless of whether they were levied for a specific purpose or function. The categories of individual functions correspond to the different departments and operations of the Town. Indirect expenses which benefit the Town as a whole are not required to be allocated among the other functions of the Town and therefore they are not allocated. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Internal activity between individual funds within the governmental and business-type activities are eliminated in this statement. This internal activity is also known as transfers in and out and is shown in the fund financial statements as such. The above information relating to the government-wide financial statements basis of presentation reference both governmental and business-type activities. The Town currently does not have any business-type activities.

**2. Measurement Focus and Basis of Accounting**

The statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting would be used for both governmental and business-type activities of the primary government of the Town and any discretely presented component units. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In other words, revenues and the related assets are recognized when they are earned and expenses and the related liabilities are recognized when they are incurred. The Town does not have an established policy relating to the use of restricted and unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that restricted amounts would be reduced first and then unrestricted amounts.

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**C. Fund Financial Statements**

**1. Basis of Presentation**

The fund financial statements of the Town consist of a balance sheet with a reconciliation to the government-wide statement of net position, a statement of revenues, expenditures, and changes in fund balances with a reconciliation to the government-wide statement of activities and a statement of fiduciary net position and a statement of changes in fiduciary net position. These fund financial statements are designed to report additional and more detailed information about the primary government. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts which records cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with any special regulations, restrictions, or limitations which may exist. The types of funds shown for the Town are governmental funds, proprietary funds (when present) and fiduciary funds. The focus of these fund financial statements are on major funds as defined by GASB Statement No. 34. All major funds are reported in a separate column with all non-major funds being aggregated and reported in a single column.

Governmental fund reporting focuses primarily on the sources, uses, and balances of the current financial resources of the Town. The governmental funds used by the Town include the general fund and other non-major governmental fund types such as special revenue funds, capital project funds and permanent funds. The general use and purpose of these individual governmental fund types are as follows. The individual names of each fund within each non-major governmental fund type can be found in the accompanying combining schedules and the purpose of the fund is generally self explanatory within each title.

- a. General fund - The general fund is the general operating fund of the Town and accounts for all revenues and expenditures of the Town with the exception of those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law, contractual agreement, governing body motion or town meeting to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the general fund.
- b. Special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund, however, those amounts should not be recognized as revenue in the fund initially receiving them but rather be shown as revenue in the special revenue fund in which they will be expended for the specified purpose. The restricted or committed proceeds of the specific revenue sources should be expected to continue to make up a substantial portion of the resources flowing into the fund. Other financial resources may also be reported within a special revenue fund as long as those resources are restricted, committed or assigned to the specified purpose of the fund.
- c. Capital project funds - Capital project funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, such as the acquisition or construction of capital facilities and other capital assets or for the accumulation of funds for these purposes.
- d. Permanent funds - Permanent funds are used to account for and report resources that are restricted as only earnings, and not principal, may be used for purposes that support the Town's programs and in effect the benefit of the Town or its citizens.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are custodial funds as they relate to the student activity accounts located at the Board of Education.

- e. Custodial funds - Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds.

The balance sheet is used to report information about the current financial resources (assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate. The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned and unassigned amounts. These balances are shown on the face of the balance sheet in the aggregate but are broken out into the required detail in note 1R on pages 26 and 27. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net position balance of the governmental activities of the Town as shown on the government-wide statement of net position.

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The statement of revenues, expenditures, and changes in fund balances is used to report information about the inflows, outflows, and balances of current financial resources of each major governmental fund and all non-major funds in the aggregate. Revenues are classified by major revenue sources while expenditures are classified by categories of individual functions corresponding to the different departments and operations of the Town. The proceeds from the issuance of long-term debt and operating transfers between individual funds are shown as other financing sources and uses. An accompanying schedule is also required to be completed to reconcile the total change in governmental fund balances to the total change in net position of the governmental activities of the Town as shown on the government-wide statement of activities.

Budgetary comparison information is required supplementary information which is presented for the general fund and each major special revenue or capital project fund that has a legally adopted annual budget. The Town includes this required supplementary information for the general fund as shown in the table of contents. This budgetary comparison information shows the original budget as voted on and appropriated, the changes made to each individual departmental line item within the budget and the final budget which is compared to the actual revenue and expenditure balances to come up with the favorable or unfavorable variance numbers. The statement of fiduciary net position shows information in regard to the assets and liabilities of the fiduciary funds of the Town which consist of custodial funds. The statement of changes in fiduciary net position shows information in regard to the additions to, subtractions from, and net increase or decrease for the year in fiduciary fund net position.

## **2. Measurement Focus and Basis of Accounting**

In regard to the governmental activities of the Town, the balance sheet and the statement of revenues, expenditures, and changes in fund balances are prepared using the current financial resources measurement focus and the modified accrual basis of accounting for all governmental and fiduciary funds. Capital assets and long-term debt are not recorded as assets or liabilities on the balance sheet of the Town. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Under the modified accrual basis of accounting revenues are recognized when they become measurable and available as net current assets. Property tax revenues are recognized when they become available. Available includes those property taxes receivable which are expected to be collected within the first sixty days after the end of the current fiscal year, when applicable. Miscellaneous revenues are recorded when received because they are generally not measurable until actually received. Intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. The Town generally considers intergovernmental revenues which are received within the first sixty days after the end of the current fiscal year to be both measurable and available. Expenditures are generally recognized under this basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term debt principal and interest which is recognized when due.

### **D. Deposits and Investments**

Cash and cash equivalents include cash on hand as well as amounts in demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The Town values investments at their fair value based on quoted market prices. Some types of investments authorized by the State of Connecticut include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, shares in the Connecticut Short-Term Investment Fund and repurchase agreements. The Town may vote to accept investments other than those authorized by the State when they have been donated to the Town.

The Short-Term Investment Fund ("STIF") is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

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**E. Receivables & Allowance for Doubtful Accounts**

All property tax, intergovernmental and other receivables are reported net of any allowance for doubtful accounts. The current year fund financial statement accounts receivable balances include property tax principal amounts of \$408,862, intergovernmental amounts due on state, federal and other grant and award agreements as well as other intergovernmental agreements of \$3,818 and other miscellaneous receivable amounts of \$240. The current year government-wide financial statements include all of the above mentioned receivable types in addition to accumulated delinquent interest and fees on the active property tax principal amounts. Delinquent interest and fees on suspense tax receivable principal balances are not included. The current year delinquent interest receivable balance is \$70,897. The Town will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received in cash for the amount incurred. The current fiscal year intergovernmental receivable balance above does not include any unbilled receivable amounts. The current allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be \$0. The Town considers past experience with receivable balance collections and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

**F. Revenue Recognition - Property Taxes**

The Town's property tax for the current year was levied June 29, 2021 on the grand list as of October 1, 2020, for the real, motor vehicle and personal property located in the Town at a rate of 23.37 mills. Real estate, personal property and motor vehicle taxes were due on August 1, 2021 and January 1, 2022. Supplemental motor vehicle taxes were due on January 1, 2022. Interest on unpaid taxes commenced 30 days after the aforementioned due dates, at 18% per annum or 1.50% per month. As described earlier, in the fund financial statements property tax revenues are recorded in the amount of the annual principal property tax assessment with an adjustment being made for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, the total current year principal assessment is recorded as revenue.

**G. Tax Acquired Property**

Property which has been foreclosed on by the Town due to non-payment of taxes or other similar situations is classified as tax acquired property at the value of the original outstanding tax receivable amount. Interest and fees on the property are recorded at such time when the property is sold. The current value of the recorded tax acquired property of the town was \$7,837 as of the end of the current fiscal year. There were no current fiscal year additions.

**H. Inventories**

In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as expenditures when used. The Town currently has no material and reported inventory amounts.

**I. Prepaid Items**

Payments made to vendors for goods and services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the goods or services are consumed. Expenditures relatively minor in nature for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Town generally considers relatively minor in nature to include aggregated similar items not exceeding \$2,500. Payments made to vendors for goods and services that will only benefit periods beyond the end of the fiscal year which are related to grants are recorded as prepaid items regardless of the dollar amount. The general fund has prepaid items of \$15,238 which are made up of school health insurance coverage for the month of July in the amount of \$11,210 and school service related contracts for the new fiscal year period beginning in July in the amount of \$4,028. The capital non-recurring fund has prepaid items of \$9,015 related to the Town's current revaluation agreement. Under the agreement the Town is paying for the revaluation over five equal annual installments as billed. This prepaid item represents the amount paid in excess of the work completed to date.



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**J. Capital Assets**

The capital assets of the Town include land, land improvements, buildings, building improvements, vehicles, equipment, infrastructure and improvements, and all other tangible and intangible assets which may arise that are used in operations and that have an initial useful life extending beyond a single fiscal year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. All improvements to infrastructure and other capital assets are capitalized which add to the value or materially extend the life of the asset. All capital assets of the Town are recorded at historical cost or estimated historical cost when the actual amount is not available. The historical cost of these assets includes not only the cost of the asset but also capitalized interest charges and other direct costs associated with placing the asset into its intended location and its intended use. The Town maintains a capitalization threshold of \$5,000 for all capital assets with the exception of land purchases which are recorded regardless of amount. Donated capital assets are reported at their estimated fair value at the time of acquisition plus other direct costs associated with placing the asset into its intended location and use. Capital assets are only shown on the government-wide statement of net position.

Land and land improvements are not depreciated. All other individual capital assets of the Town are depreciated over their estimated useful lives using the straight line method. Under this method, the recorded cost of each capital asset less any estimated residual value is divided by the estimated useful life resulting in an even amount of depreciation to be taken on an annual basis. The estimated residual value is the amount that the capital asset is expected to be worth at the end of its useful life. The general estimated useful lives for specific types of capital assets are 3 - 10 years for equipment, 5 - 20 years for vehicles, 30 - 50 years for buildings and building improvements and infrastructure. Capital assets which are under construction but not yet completed are recorded as construction in progress. These capital assets will not begin to be depreciated until they are completed. Depreciation expense is allocated to the specific functions (sometimes referred to as departments) of the Town based on which function purchased or benefits from the assets. Depreciation on assets shared between two or more functions is allocated based on the percentage purchased by each function. If the benefit received from these assets shifts from the function making the purchase to another function in a material amount, the depreciation amount being charged will be shifted accordingly. Depreciation on capital assets which benefit all of the functions of the Town, such as infrastructure assets, is shown as a separate line item. Depreciation expense on capital assets is only shown on the government-wide statement of activities.

**K. Leases and Right to Use Lease Assets**

The Town may at times lease land, buildings and equipment as part of lease agreements under which the Town is the lessee. Under these lease agreements, the Town recognizes a lease liability and an intangible right to use lease asset (lease asset) in the applicable governmental activities and business-type activities in the government-wide financial statements and in the proprietary fund financial statements (when present). The Town generally recognizes lease liabilities with an initial, individual value of \$5,000 or more though lease liabilities are considered individually and in the aggregate.

At the beginning of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. The future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the Town, the Town's estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term) should be used. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Lease liabilities are reported with long-term debt on the statement of net position.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The lease asset is amortized on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. If a lease contains a purchase option that the lessee has determined is reasonably certain of being exercised, the lease asset should be amortized over the useful life of the underlying asset. Lease assets are reported with other capital assets on the statement of net position.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that individually or in the aggregate are expected to significantly affect the amount of the lease liability. Examples of changes that may occur to a lease that may result in the need for a remeasurement of the lease liability would include a change in the lease term, a change in the interest rate the lessor charges the Town, if used as the initial discount rate or an assessment of all relevant factors indicates that the likelihood of a purchase option being exercised has changed from reasonably certain to not reasonably certain, or vice versa.

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**L. Interfund Receivables and Payables**

Inter fund receivables and payables represent the balance of activity between the different funds of the Town. These activities include but are not limited to transfers which were not physically made, a portion of the annual tax commitment which may be applicable to certain special revenue and other funds of the Town which are shown as transfers within the annual budget document approved by the inhabitants of the Town and cash receipts which may have been deposited in the cash account of one fund but which are for the use of another fund. The actual receipt of this tax and other revenue is deposited into the general fund and accounted for as an inter fund receivable. Expenditures for one fund paid for out of another fund are also included in these balances. The inter fund balances and related activities of the governmental funds have been eliminated in the government-wide statement of net position and the statement of activities, however, the inter fund balances and related activity between the governmental and fiduciary fund activities of the Town are not eliminated on these statements when present.

**M. Unearned Revenue and Deferred Inflows and Outflows of Resources**

In the government-wide financial statements, revenue amounts which have been received in cash but not yet earned or recognized are recorded as unearned revenue in accordance with the accrual basis of accounting. The current fiscal year unearned revenue balance of the governmental activities totaled \$340,247 which is made up of unearned education grant balances of \$78,036 and unearned town grant balances of \$262,211. In the fund financial statements, revenues are recognized when they are both measurable and available to pay current liabilities in accordance with the modified accrual basis of accounting. In the fund financial statements, for government-mandated non-exchange transactions as well as voluntary non-exchange transactions which would include certain governmental grants received by the Town, revenues are recognized in the period when all applicable eligibility requirements have been met and when the resources are available. For grant agreements, once the Town has received the funds and is within the allowable spending period all applicable eligibility requirements are deemed to have been met at which time the purpose restrictions related to how the grant funds need to be spent become applicable. Any grant revenues which have been recognized because the Town has met all the applicable eligibility requirements but for which they have not yet met all of the purpose restrictions associated with the grant agreement are recorded as restricted fund balance amounts at the end of the fiscal year. The Town did not have any unearned revenue balances within the fund financial statements at the end of the current fiscal year.

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) until that time. The governmental activities of the Town do not currently have any deferred outflows of resources items or amounts recorded on the statement of net position.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element 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 governmental activities of the Town do not currently have any deferred inflows of resources items or amounts recorded on the statement of net position. The governmental funds of the Town currently report on the balance sheet unavailable revenue from property taxes which is calculated when considering the amount of property taxes receivable not expected to be received within the first 60 days after the fiscal year end in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The current fiscal year deferred inflow of resources balance relating to these property taxes receivable is \$397,563.

**N. Accounts Payable, Accrued Payroll and Other Liabilities**

The accounts payable balance of the Town is used to account for the expenses or expenditures related to invoices for the current fiscal year which are received but which have not yet been paid. Under both the accrual and modified accrual basis of accounting expenses and expenditures are recorded when they are incurred. The accrued payroll balance is made up of amounts earned for hours worked or teacher salary amounts earned prior to the end of the fiscal year which were not physically paid until after the end of the fiscal year. The other liabilities balance as shown on both the government-wide and fund financial statements of \$425 is made up of items related to the accumulation of funds for certain Town activities of \$406 and other miscellaneous items of \$19.

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**O. Long-Term Obligations and Related Costs**

Long-term debt and other long-term obligations are reported as liabilities on the governmental-wide statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method. The unamortized portion is presented in the government-wide statement of net position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred. The fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. 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.

**P. Encumbrance Accounting**

In the fund financial statements, encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town of Hampton does utilize encumbrance accounting. Outstanding encumbrances represent assigned fund balance as the related expenditures have not yet flowed down to and reduced fund balance. As of June 30, 2022, the assigned general fund balance as shown on the balance sheet relating to outstanding town encumbrances totaled \$1,160. As of June 30, 2022, the assigned non-major governmental funds fund balance relating to outstanding school grant encumbrances totaled \$29,726.

**Q. Major Funds**

Within the fund financial statements, the focus of the governmental funds of the Town is on the major funds. The general fund of the Town must always be shown as a major fund. In addition, other governmental funds are shown as major based on an evaluation of the following criteria.

- a. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 10% of the corresponding totals for all governmental or enterprise funds and
- b. The total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses (excluding extraordinary items) of an individual governmental or enterprise fund are at least 5% of the corresponding totals for all governmental and enterprise funds combined.
- c. Any other individual governmental or enterprise (if present) fund that the Town believes is particularly important to the financial statement users whether because of public interest, consistency, or other reasons.

For the purposes of the current fiscal year fund financial statements, the following individual governmental funds have been classified as major. A brief description of the fund and the activities reported within the fund is as follows. Additional financial information on the capital and non-recurring fund can be found in Sub-Schedule A starting on page 57 of the financial statements.

- d. Small cities program fund - This fund is used to account for and report the proceeds and activity of housing rehabilitation Community Development Block Grants received from the U.S. Department of Housing and Urban Development. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds. Each resident receiving benefits under these grants is required to sign a deferred promissory note.
- e. Capital & non-recurring fund - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects and other non-recurring expenditures. The capital assets purchased through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as approved as part of the annual budget and through other miscellaneous grants, revenues and transfers.

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**R. Fund Balance Classification Policies and Procedures**

Within the fund financial statements, the fund balance amounts of the governmental funds of the Town as shown on the balance sheet are broken down between nonspendable, restricted, committed, assigned and unassigned. These fund balance classifications are described as follows:

- a. **Nonspendable fund balance** - Nonspendable fund balance include amounts that cannot be spent because they are either (a) not in a spendable form such as inventories or prepaid expenditures or (b) they are legally or contractually required to be maintained intact such as the principal portion of a permanent fund. The nonspendable funds balance amounts as reported by the Town consist solely of the principal portion of its permanent funds and a corresponding amount for the recorded amount of inventory and prepaid expenditures when applicable.
- b. **Restricted fund balances** - Restricted fund balance include amounts that are restricted to a specific purpose when the restraints are placed on the use of the resources either by (a) externally imposed creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the Town to assess, levy, charge or otherwise mandate payment of resources from external sources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted fund balance amounts of the Town consist of the residual fund balance amounts at the end of the fiscal year as they relate to grants received from either state, federal or local funding sources or donations received to be spent for specific purposes. These amounts are restricted to be expended on the items outlined within the funding agreement with the Town or for which funds are being donated and cannot be used for any other specified purposes. In addition, the Town has created a special revenue fund to account for and report the proceeds of funds collected by the town clerks office as mandated by the State of Connecticut in relation to historic document preservation fees and a town clerk discretionary fund. These mandated fees are considered a form of enabling legislation imposed by the state and therefore the funds collected by the Town are restricted to be expended based on the parameters of the enabling legislation. Other funds restricted by the Town include the balance of the small cities program income fund which relates to housing rehabilitation grants received by the Town, the non-principal portion of permanent funds and other similar funds as applicable based on the parameters of the funding source.
- c. **Committed fund balance** - Committed fund balance include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Board of Finance is considered to be the highest level of decision making authority within the Town for determining committed fund balance amounts. The Board of Finance has the final approval for the budget amounts which are presented to the citizens of the Town for approval and in turn the establishment of the related special revenue or capital project funds. The approval of the annual town budget includes amounts characterized as specific revenue sources as a portion of either the annual tax commitment or other specific revenue sources contained and voted on within the annual budget. An example of a committed fund balance amount would relate to an approved transfer to an established special revenue fund or the capital nonrecurring fund. The residual fund balance amount within these funds at the end of the fiscal year would be classified as committed fund balance. Any subsequent change in the specific purpose or use of these committed funds would need to be approved either at the annual town meeting or a special town meeting.
- d. **Assigned fund balance** - Assigned fund balance include amounts that are constrained by the Town with the intent to be used for specific purposes, but which are neither restricted or committed. The intent to use funds for specific purposes is to be assigned by either town meeting appropriations or the Board of Finance. The First Selectman has the authority to accept funds on behalf of the Town which are specific revenue sources to be used for specific purposes and to establish special revenue or capital project funds to account and report these amounts in accordance with the direction received from the Board of Finance. Assigned special revenue and capital project funds are usually made up of small streams of specific revenue sources for specific purposes for which there is a perceived benefit to segregating and reporting the funds rather than including them within the general fund. In addition, annual budgetary encumbrances outstanding at the end of the fiscal year would be classified by the Town as assigned amounts within the general fund or specific special revenue funds or capital project funds. Subsequent fiscal year budgeted appropriations of the unassigned general fund balance are also reported as assigned fund balance amounts of the general fund at the end of the current fiscal year as long as the subsequent budget has been approved.
- e. **Unassigned fund balance** - Unassigned fund balance is the residual classification for the general fund of the Town. This classification represents fund balance amounts that have not been assigned to other funds and that have not been restricted, committed or assigned to specific purposes within the general fund. In addition, individual governmental funds whose ending fund balance is negative are also classified as unassigned within the specific fund.

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The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet. Additional information on individual fund balance classifications can be found in the individual combining fund schedules starting on page 52.

Fund balances:	General fund	Small cities program fund	Capital & nonrecurring fund	Non-major governmental funds	Total governmental funds
<b>Nonspendable:</b>					
Prepaid items	\$ 15,238	\$ -	\$ 9,015	\$ -	\$ 24,253
Permanent fund principal	-	-	-	6,623	6,623
Other fund principal	-	-	-	25,000	25,000
	<u>15,238</u>	<u>-</u>	<u>9,015</u>	<u>31,623</u>	<u>55,876</u>
<b>Restricted:</b>					
Program income fund	-	2,995,265	-	-	2,995,265
Town grants	-	-	-	262,211	262,211
Educational grants	-	-	-	36,168	36,168
Contribution funds	-	-	-	7,313	7,313
Enabling legislation funds	-	-	-	4,713	4,713
Permanent fund non-principal amounts	-	-	-	4,140	4,140
Other fund non-principal amounts	-	-	-	287	287
	<u>-</u>	<u>2,995,265</u>	<u>-</u>	<u>314,832</u>	<u>3,310,097</u>
<b>Committed:</b>					
Capital building maintenance	-	-	28,360	-	28,360
Grange building maintenance	-	-	1,602	-	1,602
Town hall reserve fund	-	-	10	-	10
Revaluation fund	-	-	2,903	-	2,903
Open space fund	-	-	93,931	-	93,931
Land acquisition fund	-	-	20,005	-	20,005
Fire truck reserve	-	-	59,059	-	59,059
General trucks and equipment	-	-	24,662	-	24,662
Green energy efficiency	-	-	8,130	-	8,130
School capital fund	-	-	80,220	-	80,220
School reserve fund	-	-	143,805	-	143,805
	<u>-</u>	<u>-</u>	<u>462,687</u>	<u>-</u>	<u>462,687</u>
<b>Assigned:</b>					
School lunch program	-	-	-	30,231	30,231
Town activity funds	-	-	-	4,626	4,626
School activity funds	-	-	-	2,098	2,098
Youth sports funds	9,721	-	-	-	9,721
Current fiscal year encumbrances	1,160	-	-	29,726	30,886
	<u>10,881</u>	<u>-</u>	<u>-</u>	<u>66,681</u>	<u>77,562</u>
<b>Unassigned</b>					
General fund	1,544,562	-	-	-	1,544,562
Unallocated balances	-	-	1,401	-	1,401
Town activity funds	-	-	-	-1,123	-1,123
	<u>1,544,562</u>	<u>-</u>	<u>1,401</u>	<u>-1,123</u>	<u>1,544,840</u>
<b>Total fund balances</b>	<u>\$ 1,570,681</u>	<u>\$ 2,995,265</u>	<u>\$ 473,103</u>	<u>\$ 412,013</u>	<u>\$ 5,451,062</u>

**Town of Hampton, Connecticut**  
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**S. Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting (except in relation to teacher on-behalf payments made by the State which are not budgeted for and encumbrances) which is consistent with generally accepted accounting principles. In addition, the budget calls for certain amounts to be transferred or allocated to specific funds which have been set up by the Town for specific purposes. A portion of the budgeted revenues to be raised by the annual tax commitment are considered by the Town to be a specific revenue source which are committed to expenditure for these specified purposes. The budget calls for the revenue to be shown within the general fund and a transfer out to be shown to each of these specific funds. These specific portions of the annual tax commitment are shown within each specific special revenue and capital project fund as a transfer in rather than as property tax revenue. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the department level within each general function of the Town. Only the Board of Finance may approve budget transfers within and between expenditure classes and individual departments in accordance with established town practices and the applicable State statutes. The bottom line budgeted revenue and expenditure amounts can only change upon approval of the inhabitants of the Town through a special town meeting. The procedures followed in establishing the budgetary data reflected in the financial statements are as follows:

- a. Early in the second half of the last fiscal year the Town's selectmen, departments, boards and commissions submitted budget requests for the year beginning July 1. The operating budgets include proposed expenditures and the means of financing them.
- b. Hearings are then held for the submitted budget requests by functions: (1) Selectmen's budget, (2) departments, (3) boards and commissions, (4) capital and nonrecurring requests and (5) Board of Education.
- c. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting had been given. The current fiscal year budget was approved by referendum on June 29, 2021.

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other financing sources (uses)</u>	<u>Net change in fund balance</u>
GAAP basis - Statement D	\$ 5,461,638	\$ -5,356,634	\$ -165,762	\$ -60,758
Current fiscal year encumbrances	-	-1,160	-	-1,160
Prior fiscal year encumbrances	-	17,236	-	17,236
State on-behalf benefits related to pensions	-274,559	274,559	-	-
State on-behalf benefits related to OPEB	-6,461	6,461	-	-
Non-cash note payable activity	-	1,546	-1,546	-
Budgetary basis - RSI-1	<u>\$ 5,180,618</u>	<u>\$ -5,057,992</u>	<u>\$ -167,308</u>	<u>\$ -44,682</u>

**T. Unclassified General and Program Expenditures**

The Town uses departmental expenditure categories labeled unclassified general and program to account for certain types of expenditures that they do not feel truly fall into the traditional departmental expenditure categories. The general fund classifies the annual library appropriation, payroll taxes, town insurances and a contingency account into this departmental expenditure category. In addition, certain expenditures relating to the town small cities program income fund are grouped into this category.

**U. Estimates**

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

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**Note 2 - Restricted cash and investments**

The Town breaks cash and investments down between a regular asset and a restricted asset on the government-wide statement of net position. The restricted cash and investment balances are made up of cash and investment balances relating to restricted net position balances which are restricted for specific purposes in subsequent fiscal years. The current year amounts shown on the government-wide statement of net position can be broken down as follows.

	Restricted cash	Restricted investments
Small cities program funds	\$ 475,116	\$ -
Restricted contribution funds	7,313	-
Enabling legislation related funds	4,713	-
Unearned state, federal, and other grant program balances	340,247	-
Non-major permanent funds	6,087	4,676
Non-major other funds	-	25,287
	\$ 833,476	\$ 29,963

**Note 3 - Deposits and investments**

The deposit of public funds is controlled by the Connecticut General Statutes Section 7-402. Deposits may be made in a qualified public depository as defined by the statute or, in amounts not exceeding FDIC insurance limits, in an out of state bank as defined by the statute, which is not a qualified public depository. Section 7-400 of the statutes permit municipalities to invest public funds in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the statutes cover specific municipal funds with investment authority.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**Deposits**

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. FDIC insurance covers all deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit. The standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category. For government accounts the ownership category is per official custodian. At year end, the carrying amount of the Town's deposits was \$1,875,427 which is shown in the financial statements as cash balances of \$1,625,332 (\$1,620,117 on Statement C and \$5,215 on Statement E) and investment balances of \$250,096 which represents certificates of deposit.

The corresponding bank balances of these accounts at various financial institutions totaled \$1,692,979 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$500,000 was determined to be covered by FDIC with the remaining \$1,192,979 representing balances that were determined to be uninsured and collateralized in part, as described in the following paragraph, by securities held by the pledging financial institutions' trust department or agent but not in the Town's name.

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The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. All of the Town's deposits are in qualified public institutions as defined by state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

**Investments**

The following schedule shows these different types of investments as held by the Town, the maturities of these investments and the associated credit ratings as of June 30, 2022.

Type	Fair value	Maturities in years			Credit ratings
		Less than 1 year	1 - 5 years	6 - 10 years	S & P
<b>Governmental types &amp; funds:</b>					
CT short term investment fund	\$ 1,151,631	\$ 1,151,631	\$ -	\$ -	AAAm
Certificates of deposit	250,096	220,133	29,963	-	not rated
	<u>\$ 1,401,727</u>	<u>\$ 1,371,764</u>	<u>\$ 29,963</u>	<u>\$ -</u>	

**Interest Rate Risk** - 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** - The Town does not have a formal investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes. The types of investments authorized to be carried by the Town are in accordance with those authorized by the State of Connecticut. These investments include obligations of the United States Government, obligations fully insured or guaranteed by the government or governmental agency, and repurchase agreements. The Town may vote to accept investments other than those authorized by the State in situations where they have been donated to the Town. **Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a formal policy for custodial credit risk.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the statement of net position or balance sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Investments	Fair value	Fair value measurement		
		Level 1	Level 2	Level 3
<b>Governmental types &amp; funds:</b>				
CT short term investment fund	\$ 1,151,631	\$ 1,151,631	\$ -	\$ -
Certificates of deposit	250,096	250,096	-	-
	<u>\$ 1,401,727</u>	<u>\$ 1,401,727</u>	<u>\$ -</u>	<u>\$ -</u>



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**Note 4 - Interfund Receivables, Payables and Transfers**

**Interfund receivables and payables** - The Town maintains a cash pool that is available for use by all funds. Each fund's portion of this pool is displayed on the balance sheet as "due to or from other funds" under each fund's caption. The purpose for interfund balances is to keep track of each fund's position in this cash pool. These balances are not expected to be repaid due to the fact that they simply represent funds collected or spent by one fund on behalf of another fund. The following information represents interfund receivables and payables by individual major fund and non-major funds in the aggregate. Only the balances for major funds are being shown. The following fund financial statement inter fund balances are eliminated in the government-wide financial statements with the exception of fiduciary funds and business type activities balances which are shown as internal balances on the statement of net position when present. Separate balances may show up in both the due from and due to column of the general fund. This is because individual funds within each of the below listed fund types may have either a due to or a due from balance.

	Receivable due from	Payable due to
<b>General fund:</b>		
Capital non-recurring fund	\$ -	\$ 22,655
Non-major special revenue funds	213	335,605
	213	358,260
Fiduciary funds	-	819
	\$ 213	\$ 359,079
 <b>Capital non-recurring fund:</b>		
General fund	\$ 22,655	\$ -
Non-major special revenue funds	-	4,559
	\$ 22,655	\$ 4,559

**Interfund transfers** - Transfers in and out represent either budgeted or operating transfers which are not always physically made but need to be recorded to keep track of the individual fund balances. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). The transfers made during the current fiscal year were those budgeted transfers included and approved as part of the annual budget document or subsequently approved by a special town meeting or by Board of Finance motion as applicable. The first general fund to capital non-recurring fund transfer out represents the amount included in the annual budget approved at town referendum on June 29, 2021, the second transfer out amount represents additional funds approved at town referendum on August 13, 2020 related to a backhoe purchase and the third amount represents an additional Board of Finance motion. The Board of Finance voted to approve the transferring of a portion of the remaining unspent education budget to the school capital fund in accordance with State legislature section 10-248a resulting in the current fiscal year approved transfer from the general fund in the amount of \$20,000. The general fund to non-major special revenue funds transfer out represents the annual budgeted transfer from the school budget to the school lunch program in the amount of \$23,000 along with an additional transfer in the amount of \$20,000 relating to the purchase of a new dishwasher for the school lunch program. The aforementioned budget transfers to and from the general fund and to and from the other funds of the town are as follows.

	Transfers in	Transfers out
<b>General fund:</b>		
Capital non-recurring fund	\$ -	\$ -99,010
Capital non-recurring fund	-	-5,298
Capital non-recurring fund	-	-20,000
Non-major special revenue funds	-	-43,000
	\$ -	\$ -167,308
 <b>Capital non-recurring fund:</b>		
General fund	\$ 124,308	\$ -

**Town of Hampton, Connecticut**  
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**Note 5 - Capital Assets**

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2022. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1J on page 23 of the notes to the financial statements. The beginning balances shown below have been restated as they relate to the implementation of GASB Statement No. 87 for right to use leases. Though right to use leases are amortized rather than depreciated, the two amounts are being combined for financial reporting purposes.

<b>Governmental activities:</b>	Balance 07/01/21	Additions	Retirements	Balance 06/30/22
Capital assets not being depreciated:				
Land	\$ 936,485	\$ -	\$ -	\$ 936,485
Capital assets being depreciated:				
Right to use assets	163,097	-	-	163,097
Buildings and improvements	7,907,695	-	-	7,907,695
Vehicles	1,712,025	1,290	-	1,713,315
Equipment	632,745	90,629	-	723,374
Infrastructure and improvements	3,949,662	286,815	-	4,236,477
Total at historical value	<u>14,365,224</u>	<u>378,734</u>	<u>-</u>	<u>14,743,958</u>
Less accumulated depreciation for:				
Right to use assets	-109,379	-22,381	-	-131,760
Building and improvements	-4,797,864	-226,381	-	-5,024,245
Vehicles	-1,149,414	-41,269	-	-1,190,683
Equipment	-435,451	-42,594	-	-478,045
Infrastructure and improvements	-1,117,119	-186,592	-	-1,303,711
Total accumulated depreciation	<u>-7,609,227</u>	<u>-519,217</u>	<u>-</u>	<u>-8,128,444</u>
Total capital assets being depreciated (net)	<u>6,755,997</u>	<u>-140,483</u>	<u>-</u>	<u>6,615,514</u>
Governmental activities capital assets (net)	<u>\$ 7,692,482</u>	<u>\$ -140,483</u>	<u>\$ -</u>	<u>\$ 7,551,999</u>

Depreciation and amortization expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. During the current fiscal year depreciation was charged to general government - \$49,166, public safety - \$26,296, public works - \$69,077, sanitation and waste - \$13,409, education - \$177,102 and general infrastructure - \$184,167 for a total current fiscal year depreciation expense amount of \$519,217.

**Note 6 - Net Position Balances - Net Investment in Capital Assets**

The net investment in capital assets net position amount on the government-wide statement of net position consisted of the following items as of June 30, 2022.

	Governmental activities
Recorded value of capital assets	\$ 15,680,443
Less accumulated depreciation	-8,128,444
Book value of capital assets	7,551,999
Less capital assets related debt	-37,343
Total net investment in capital assets	<u>\$ 7,514,656</u>

**Town of Hampton, Connecticut**  
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**Note 7 - Long-Term Debt and Other Liabilities**

The long-term debt and other liabilities of the Town are made up of the following individual debt agreements and amounts. Long-term debt and other liabilities are shown on the government-wide financial statements as governmental activities items on the statement of net position. The beginning balances shown below have been restated as they relate to the implementation of GASB Statement No. 87 for right to use leases.

	Balance 07/01/21	Additions	Reductions	Balance 06/30/22	Amount due within one year
<b>Governmental activities:</b>					
<b>Outstanding payables:</b>					
Notes payable	\$ -	\$ 1,546	\$ -618	\$ 928	\$ 928
Right to use leases payable	63,439	-	-26,096	37,343	27,778
	<u>63,439</u>	<u>1,546</u>	<u>-26,714</u>	<u>38,271</u>	<u>28,706</u>
<b>Other liabilities:</b>					
Accrued comp. balances - town	7,151	125	-	7,276	
Accrued comp. balances - school	3,000	1,500	-	4,500	
Other post-employment benefits	550,441	-	-498,834	51,607	
Total other liabilities	<u>560,592</u>	<u>1,625</u>	<u>-498,834</u>	<u>63,383</u>	
<b>Total long-term liabilities</b>	<u>\$ 624,031</u>	<u>\$ 3,171</u>	<u>\$ -525,548</u>	<u>\$ 101,654</u>	<u>\$ 28,706</u>

**Outstanding notes payable:**

\$1,546 note payable issued in August of 2021 to finance an energy efficiency upgrade project at the school. This is a non-interest bearing note with monthly principal payments of \$77 through June of 2023.

\$ 928

**Outstanding right to use leases payable:**

The Town of Hampton and the Town of Scotland entered into a joint land lease agreement in relation to the town transfer station location in the amount of \$235,806 in July of 2013. The lease agreement is for 10 years with quarterly lease payments in year one of \$6,704. Payments throughout the remaining nine years will be adjusted annually and any increases will be based on the previous years annual inflation rate index plus one point five percent. The Town is responsible for 52% of the required lease payments which resulted in a total lease liability amount of \$122,619. The lease liability is measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate. The Town has recorded a right to use land asset for its portion of the lease agreement with a capitalized value less accumulated amortization of \$12,261 as of June 30, 2022.

\$ 17,377

The Town entered into a copier lease agreement in the amount of \$17,009 in December of 2020. The lease agreement is for 48 months with monthly lease payments of \$389. The lease liability is measured at a discount rate of 4.65% based on a stated interest rate. The Town has recorded a right to use equipment asset with a capitalized value less accumulated amortization of \$10,275 as of June 30, 2022.

10,651

The Board of Education entered into a copier lease agreement in the amount of \$23,469 in January of 2020. The lease agreement is for 48 months with monthly lease payments of \$537. The lease liability is measured at a discount rate of 4.65% based on a stated interest rate. The Town has recorded a right to use equipment asset with a capitalized value less accumulated amortization of \$8,801 as of June 30, 2022.

9,315  
\$ 37,343

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The following is a summary of the total outstanding principal and interest cash flow requirements for the right to use leases payable of the Town for the fiscal years ending June 30:

	Principal	Interest	Total
2023	\$ 27,778	\$ 1,247	\$ 29,025
2024	7,642	246	7,888
2025	1,923	22	1,945
2026	-	-	-
2027	-	-	-
	<u>\$ 37,343</u>	<u>\$ 1,515</u>	<u>\$ 38,858</u>

**Interest expense**

The total interest expense incurred by the Town during the current fiscal year totaled \$2,557. In the fund financial statements, this amount is shown in the general fund within general government expenditures in the amount of \$598, within sanitation and waste expenditures in the amount of \$1,377 and within education expenditures in the amount of \$582. In the government-wide financial statements, the total interest expense incurred by the Town of \$2,557 is shown as interest expense.

**Accrued compensated absences**

Non-elected full time employees of the Town are allowed to earn paid absences for vacation and sick time. The employee's right to be paid for these future vacation and sick time absences are attributable to services already performed and earned vacation and sick time balances do accumulate. Town accumulated vacation balances are paid when an employee leaves. Therefore, the probability of these benefits being paid can be determined and a liability has been recorded in the accompanying government-wide financial statements on the statement of net position. However, town accumulated sick time balances are not paid when an employee leaves and therefore no liability has been recorded in the accompanying government-wide financial statements on the statement of net position. As of June 30, 2022, the value of these accumulated sick time balances was approximately \$2,428. A current portion of the recorded liability for these vacation benefits has not been estimated due to the fact that it cannot be accurately determined when and in what amount individuals will use these vacation benefits during the upcoming fiscal year.

Teachers retiring from teaching after 15 years of service, the last 10 of which are in the Hampton elementary school, shall be paid a severance benefit of on \$150 per year of service (prorated to full-time equivalent years of service for part-time teachers) up to a maximum of \$1,500. Any teacher who honorably leaves the Hampton elementary school after 11 years of service (prorated to full-time equivalent years of service for part-time teachers) and who is not dismissed for cause, shall be entitled to a severance benefit calculated as follows: Teachers shall be paid 25% of their prorated daily salary for each accumulated sick leave day in excess of the statutory maximum accumulation of 150 sick days, provided that such benefit shall not exceed \$1,500. The current recorded liability for these earned severance payments is \$4,500 as of June 30, 2022. A current portion of the recorded liability for these severance payments has not been estimated due to the fact that it cannot be accurately determined which individuals will leave the employment of the Board of Education during the upcoming fiscal year thus receiving the applicable severance payment amount.

**Note 8 - Town Employee Benefit Plans**

The employees of the Town are covered under a Savings Incentive Match Plan for Employees Individual Retirement Account, more commonly known as a "SIMPLE IRA" plan. All employees who received at least \$5,000 in compensation during any preceding calendar years (whether or not consecutive) and who are reasonably expected to receive at least \$5,000 in compensation during the calendar year, are eligible to participate in the plan for the calendar year. The Town has chosen to exclude employees who are covered by collective bargaining agreements, if retirement benefits were the subject of good faith bargaining between the Town and the employee representatives. For each calendar year, the Town makes a matching contribution to each eligible employees SIMPLE IRA equal to the eligible employees salary reduction contributions up to 3% of the eligible employees compensation for the calendar year. During the current fiscal year, 11 employees were eligible for the plan and received matching contributions by the Town at some point during the fiscal year in the amount of \$8,419. The total payroll for all Town employees for the current fiscal year totaled approximately \$426,568 with the amount attributable to contributing eligible employees under the plan totaling approximately \$283,647.

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**Note 9 - Net Position and Fund Balances - Restricted**

The Town has received a number of housing rehabilitation CDBG grants from the U.S. Department of Housing and Urban Development which are accounted for within the small cities program major fund. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds. Each resident receiving benefits under these grants is required to sign a deferred housing rehabilitation program property lien agreement. Should said property be mortgaged, sold, or beneficial interest or title be transferred, the balance of the principal due under the terms of the Assistance Agreement will be paid in full to the Town at the time of sale. The proceeds of any such sale being deposited into the aforementioned loan fund and permanently used by the Town for other similar programs as described in the approved program income reuse plan. Program income including interest income must be deposited into this loan fund. The activity of this program is accounted for in two separate ways in that the revenue and expenditures relating to the actual CDBG grants is accounted for separately from the program income. Revenue is recorded within the program income fund in the amount of any new and completed property lien agreements. Expenditures within the program income fund include administrative and other miscellaneous items as well as the amounts of property lien agreements written off during the fiscal year. The residual of this fund is accounted for as restricted net position and fund balance as the Town feels that the recorded revenue has been earned and is both measurable and available to pay all applicable current liabilities of the program fund. As of June 30, 2022, the following balances represent the loan fund described above.

Cash and restricted cash	\$ 475,116
Notes receivable (net of allowance)	2,521,233
Accounts payable	-1,084
Restricted net position and restricted fund balance	-2,995,265
	\$ -

**Note 10 - Defined Benefit Pension Plan**

*Connecticut Teachers' Retirement System*

**Plan description** - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System, a cost sharing multiple-employer defined benefit pension plan administered by the Teachers Retirement Board. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the Teachers Retirement Board. The Teachers Retirement Board issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

**Benefits provided** - The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. In relation to normal retirement, retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of 6% contributions made prior to July 1, 1989 and voluntary contributions are payable. In relation to early retirement, employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4%, per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year as retirement precedes normal retirement date. In relation to disability retirement, employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for non-service related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of average annual salary.

In relation to minimum benefits, effective January 1, 1999, Public Act 98-251 provides a minimum monthly retirement benefit of \$1,200 to teachers who retire under the Normal Benefit provisions and who have completed at least 25 years of full time Connecticut service at retirement. In relation to prorated benefits, A plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60 and early retirement reductions are based on the number of years of service the member would have had if they had continued to work until age 60. In relation to pre-retirement death benefits, the plan also offers a lump sum return of contribution with interest or surviving spouse benefit depending on the length of service.

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**Contribution requirements** - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability. School District employers are not required to make contributions to the plan. Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit. Effective January 1, 2018, the required contribution increased to 7% of the pensionable salary.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions** - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. For the year ended June 30, 2022, the Town recognized \$274,559 of on-behalf contributions made by the state in both the fund and government-wide financial statements as on-behalf revenues and expenditures/expenses. For the year ended June 30, 2022, the Town recognized \$211,667 for its share of pension revenue and expense for on-behalf benefits provided by the state in the government-wide financial statements as on-behalf and benefits revenues and expenses.

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	3,279,001
Total	\$ 3,279,001

**Actuarial assumptions** - The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Changes in benefit terms	None
Changes in assumptions	None
Inflation	2.50%
Salary increases	3.00% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expenses are paid for by the General Assembly
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

Future cost-of-living increases for teachers who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

**Discount rate** - The discount rate used to measure the total pension liability was 6.90%. 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 the State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**Long-term rate of return** - The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The current capital market assumptions and the target asset allocation as provided by the State of Connecticut's Treasurer's Office are summarized in the following table.

Asset class	Target allocation	Long-term expected real rate of return
Domestic equity fund	20.0%	5.6%
Developed market international stock fund	11.0%	6.0%
Emerging market international stock fund	9.0%	7.9%
Core fixed income fund	16.0%	2.1%
Inflation linked bond fund	5.0%	1.1%
Emerging market debt fund	5.0%	2.7%
High yield bond fund	6.0%	4.0%
Real estate fund	10.0%	4.5%
Private equity	10.0%	7.3%
Alternative investments	7.0%	2.9%
Liquidity fund	1.0%	0.4%

**Sensitivity of the Town's proportionate share of the net pension liabilities to changes in the discount rate** - The Town's proportionate share of the net pension liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information** - Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

**Note 11 - Other Post Employment Benefits - OPEB**

*Connecticut Teachers' Retirement System*

**Plan description** - The faculty and professional personnel of the Town's Board of Education participates in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost sharing multiple employer defined benefit pension plan that provides retirement, disability, survivorship and health insurance benefits to plan members and their beneficiaries. The TRS is governed by Connecticut General Statute ("CGS") Title 10, Chapter 167a and is administered by the Connecticut State Teachers' Retirement Board (the "Board"). The OPEB trust fund is included in the TRS, and the TRS is included in the State of Connecticut audit as a pension trust fund.

**Benefits provided** - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

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

Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage. If a member participating in Medicare Parts A & B so elects, they may enroll in one of the TRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

**Contributions** - Per CGS 10-183z, (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through and annual appropriation in the General Fund. School district employers are not required to make contributions to the Plan. The cost of providing plan benefits is financed on a pay as you go basis as active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents. Administrative costs of the Plan are to be paid by the General Assembly per Section 10-183r of the Connecticut General Statutes.

**OPEB liabilities, OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB** - The Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100%, of the required contribution. The amounts recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. For the year ended June 30, 2022, the Town recognized \$6,461 of on-behalf contributions made by the state in both the fund and government-wide financial statements as on-behalf revenues and expenditures/expenses. For the year ended June 30, 2022, the Town recognized (\$13,192) for its share of OPEB revenue and expense for on-behalf benefits provided by the state in the government-wide financial statements as on-behalf and benefits revenues and expenses.

Town's proportionate share of the net OPEB liability	\$	-
State's proportionate share of the net OPEB liability associated with the Town		357,241
Total	\$	357,241

**Actuarial assumptions and other inputs** - The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%	
Real wage growth	0.50%	
Wage inflation	3.00%	
Salary increases	3.00% - 6.50%, including inflation	
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation	
Municipal bond index rate:		
Measurement date	2.16%	
Prior measurement date	2.21%	
Single equivalent interest rate:		
Measurement date	2.17%, net of OPEB plan investment expense, including price inflation	
Prior measurement date	2.21%, net of OPEB plan investment expense, including price inflation	
Healthcare cost trend rates:		
Medicare	5.125% for 2020, decreasing to an ultimate rate of 4.50% by 2023	



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Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement.

**Long-term rate of return** - The long-term expected rate of return on Plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in the evaluation of the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Expected 10-Year geometric real rate of return	Standard deviation
U.S. Treasuries (cash equivalents)	100.0%	-0.42%	1.78%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		2.00%	

**Discount rate** - The discount rate used to measure the total OPEB liability was 2.17%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2020. In addition to the actuarial methods and assumptions of the June 30, 2020 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annual at a rate of 3.00%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Annual State contributions were assumed to be equal to the most recent five-year average of state contributions toward the fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2023 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

**Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate and changes in the healthcare cost trend rates** - The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the change in the discount rate and the healthcare cost trend rates would only impact the amount recorded by the State of Connecticut.

**Pension Plan Fiduciary Net Position and other information** - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information** - Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan.

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**Note 12 - Pension and OPEB On-Behalf Contributions and Revenue and Expense Benefits**

In both the fund and government-wide financial statements, the Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement System pension and OPEB contributions made by the State of Connecticut on-behalf of the Hampton School Department in accordance with 10-183z of the Connecticut General Statutes which reflects public act 79-436 as amended. For the year ended June 30, 2022, the Town recognized \$274,559 of on-behalf pension contributions and \$6,461 of on-behalf OPEB contributions made by the State. These amounts were included as the expected employer contribution effort for allocation purposes in the GASB 68 and GASB 75 reports for the Connecticut Teachers Retirement System prepared as of June 30, 2021. These contributions are recognized as intergovernmental education on-behalf revenues and education expenditures/expenses within the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds and the Statement of Activities. These amounts were not budgeted for in the general fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. There is no effect on fund balance at the end of the fiscal year.

In the government-wide financial statements, the Town has recorded employer pension and OPEB revenue and expense for on-behalf amounts for the benefits provided by the State in relation to the Connecticut Teachers Retirement System. For the year ended June 30, 2022, the Town recognized \$211,667 of pension revenue and expense and (\$13,192) of OPEB revenue and expense. These amounts were included as revenue and expense in the GASB 68 and GASB 75 reports for the Connecticut Teachers Retirement System prepared as of June 30, 2021. These amounts are recognized as intergovernmental education on-behalf and benefit revenues and education expenses within the Statement of Activities. There is no effect on net position at the end of the fiscal year.

**Note 13 - Other Post Employment Benefits - OPEB**

*Post-Retirement Healthcare Plan*

**Plan description** - The Board of Education of the Town provides a single employer defined benefit healthcare plan (the "Plan") to its employees upon retirement in the form of the ability to be part of the health insurance plan while paying the full amount of the premium charged for active employees and receiving no physical subsidy from the Town. As a result, the Town does not have an explicit liability for these post-employment benefits because retirees pay the full health insurance premium. However, the Town does have an implicit rate subsidy that recognizes the expected higher health costs attributed to retirees. The provisions of the Plan were established by the Board of Education along with the respective bargaining units of each group in conjunction with all applicable state statutes. The Plan therefore would be amended through the action of these same groups. These benefits will continue for the life of the retiree and the retiree's spouse once they are a part of the Plan. The Plan does not issue a publicly available financial report and is not included in the financial statements of another entity.

**Benefits provided** - The OPEB Plan provides a benefit for retired teachers and administrators. Non-certified Board employees are eligible to participate in the Plan upon reaching age 55 with at least 5 years of service or upon 25 years of service. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. Certified Board employees are eligible to participate in the Plan upon reaching age 50 with at least 25 years of service, age 55 with at least 20 years of service or age 60 with at least 10 years of service. Both the retiree and the retiree's spouse are eligible to participate in the Plan and they must pay 100% of the cost for medical coverage. A number of different plan coverages are available. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for continuing to pay the same monthly premium amount or percentage that was being paid while the retiree was alive. The funding and payment for these postemployment benefits are accounted for within the Board of Education budget within the general fund of the Town on a pay-as-you-go basis.

**Employees covered by benefit terms** - The following employees were covered by the benefit terms of the Plan as of June 30, 2020, the date of the last actuarial valuation.

	Participant count
Active plan members	12
Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
	12

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**Total OPEB liability** - The Town's total OPEB liability was \$51,607 as of June 30, 2022. The June 30, 2022 actuarial valuation directly calculated the June 30, 2022 liability. The June 30, 2021 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2022. The liability as of June 30, 2022 was also adjusted to reflect any material plan changes after the valuation, if applicable.

**Actuarial assumptions and other inputs** - The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	June 30, 2022 as adjusted for June 30, 2022 reporting
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	20 years on an open basis, as a level dollar amount
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial assumptions	
Participation percentage	6.30%
Discount rate	4.09% as of June 30, 2022 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2022
Rate of compensation increase	3.20%
Mortality rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

**Changes in the total OPEB liability** - The changes in the total OPEB liability of the Plan are made up of the following items as of June 30, 2022:

	Total OPEB liability
Balance as of June 30, 2021	\$ 550,441
Changes for the year:	
Service cost	5,836
Interest	12,016
Effect of economic/demographic gains or losses	-494,058
Changes of benefit terms	-
Changes of assumptions	-22,628
Benefit payments	-
Net changes	-498,834
Balance as of June 30, 2022	\$ 51,607

**Sensitivity of the total OPEB liability to changes in the discount rate** - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09%) or 1 percentage point higher (5.09%) than the current discount rate:

	1% Decrease (3.09%)	Current discount rate (4.09%)	1% Increase (5.09%)
Total OPEB liability	\$ 61,974	\$ 51,607	\$ 43,429
Change from baseline	\$ 10,366	\$ -	\$ -8,178

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The following table represents the healthcare cost trend rates used in determining the total OPEB liability as of June 30, 2022, applied to all period included in the measurement date, unless otherwise noted. The affordable care act excise tax on high-value health insurance plans will impact the plan. Given the uncertainty regarding the affordable care acts implementation, continued monitoring of the affordable care acts impact on the Plan's liability will be required.

	Medical	Pharmacy	Dental	Vision
Year 1	4.70%	5.20%	3.50%	3.00%
Year 2	4.80%	4.80%	3.50%	3.00%
Year 3	4.70%	4.70%	3.00%	3.00%
Year 4	4.60%	4.60%	3.00%	3.00%
Year 5	4.50%	4.50%	3.00%	3.00%
Year 6	4.40%	4.40%	3.00%	3.00%
Year 7	4.30%	4.30%	3.00%	3.00%
Year 8	4.20%	4.20%	3.00%	3.00%
Year 9	4.20%	4.20%	3.00%	3.00%
Year 10 +	4.20%	4.20%	3.00%	3.00%

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates** - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current trend rates	1% Increase
Total OPEB liability	\$ 42,232	\$ 51,607	\$ 63,672
Change from baseline	\$ -9,376	\$ -	\$ 12,065

**Note 14 - Risk management, commitments and contingencies**

The Town is at risk of loss due to items such as lawsuits, automobile claims, and theft. The Town has purchased commercial insurance coverage for any of these types of loss which may occur. The Town believes the amounts of coverage in force are adequate and in compliance with all applicable laws, rules, and regulations. The Town is a member in the Connecticut Inter-local Risk Management Agency (CIRMA), a public entity risk management program pursuant to the provisions of Section 7-479a of the Connecticut General Statutes for workers compensation pool coverage. The Town pays annual premiums for its coverage. CIRMA is designed to be self-sustaining through member premium's, however it does reinsure for each claim occurrence in excess of \$1,000,000. Members may be subject to supplemental assessments in the event of fund deficiencies, however, these potential supplemental assessments are limited pursuant to its by-laws. The Town has not had any significant reductions in insurance coverage from the prior fiscal year by major category of risk. The amount of settlements have not exceeded insurance coverage during any of the previous three fiscal years. Town management and legal counsel are unaware of any litigation, pending litigation, claims or disputes that would have a direct and material affect on the Town's financial position.

The Town participates in numerous Federal and State grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any monies received as of and through June 30, 2022 may be impaired. In the opinion of the management of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned or recognized grant or contract dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants or contracts could result in a loss to the Town. However, in the opinion of the management of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable.

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The Board of Education has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year. The Board entered into a bus transportation agreement for the purpose of providing transportation services for the school children of the Town of Hampton in compliance with local policies and legal requirements. This agreement runs from July 1, 2019 through June 30, 2024, unless extended by mutual agreement. Payment terms are based on specific daily and hourly rates for regular route hours and trips and non-route hours and trips per bus. The per day vehicle prices included in the contract from year one through year five for regular route hours and trips are \$300, \$300, \$300, \$320 and \$325 respectively. The per hour vehicle prices included in the contract from year one through year five for non-route hours and trips are \$60, \$60, \$60, \$62 and \$64 respectively. The Board entered into an agreement with a contractor to provide a high quality food services program. The agreement runs from July 1, 2017 through June 30, 2022 with annual implementation fees due to the contractor of \$21,000, \$21,500, \$22,000, \$22,500 and \$23,000 respectively. This food services contract was extended for an additional one year period from July 1, 2022 through June 30, 2023 at an annual amount of \$23,500. The Board entered into a three year refuse and recycling services contract through June 30, 2024 with monthly base fees of \$450 and \$55 respectively for an annual cost of \$6,060. The Board entered into a one year HVAC services agreement through June 30, 2023 at a cost of \$10,046. The Board entered into a contract on April 12, 2022 for the paving of the front school parking lot at a cost of \$138,130.

The Town has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year. The Towns of Hampton and Scotland currently have a cooperative agreement in place to operate the Hampton/Scotland transfer station in order to dispose of both the recyclable waste and the municipal solid waste of both towns. The transfer station and related operations are funded by the two towns based on a per capita ratio. The per capita ratio for the fiscal year ended June 30, 2022 was 52% for the Town of Hampton and 48% for the Town of Scotland. This per capita ratio is applied to the actual costs of running the transfer station which are accounted for by the Town of Hampton and then billed to the Town of Scotland. In addition, the per capita ratio is applied to the waste disposal costs, the waste and recycling transportation costs and the recycling center lease costs. The Town's currently have a recycling transportation agreement with a contractor which is for a two year period and runs from July 1, 2021 through June 30, 2023. Under the agreement, the recyclable waste generated by the two towns will be transported as directed by the two towns at a cost of \$40 per container for on-site moves, \$155 per trip for transportation of the recyclable waste within a 20 mile radius of the Town of Hampton and \$196 per trip for transportation of the recyclable waste outside of a 20 mile radius of the Town of Hampton. The agreement also contains an escalation clause relating to pricing adjustments in the form of a fuel surcharge in the event that fuel prices exceed \$4.50 per gallon and will relate only to the recapture of excess fuel costs. The current fiscal year charges under this agreement for the Town totaled \$25,267. The Town's currently have a right to use lease agreement in place for the lease of property relating to the transfer station and recycling center. This lease agreement is more fully described in the long-term debt section of the notes to the financial statements. The town clerks office entered into a five year hosted services contract through May 22, 2025 with monthly payments of \$665 at an annual cost of \$7,980 with additional services included in the contract at specific per unit prices. The Town entered into a regional revaluation contract which runs for approximately five years through June 30, 2025. The contract includes ten towns in which the revaluation services for each town are performed at certain points during the period of the contract. The Town's revaluation services are set to begin August 1, 2022 and to run through January 3, 2024. The Town's portion of the revaluation contract is \$30,050 which is being paid in five annual installments of \$6,010. The Town entered into a one year planning and zoning services contract through June 30, 2023 at a cost of \$27,300. Subsequent to the end of the current fiscal year the Town entered into a number of maintenance and service agreements. The Town entered into a three year tax collection services contract with the Town of Windham, Connecticut through June 30, 2025 at annual costs of \$18,503, \$19,043 and \$19,599 respectively. The Town entered into a two year technology services agreement with the Town of Windham, Connecticut through June 30, 2024 at an annual cost of \$4,200. The Town entered into a one year emergency ambulance services contract along with two other municipalities through June 30, 2023 at a cost of \$84,000 per municipality.

The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. The Town is currently a member of the Connecticut Regional School District # 11 and would therefore be contingently liable for any outstanding debt of the District. The Town's portion of this debt would be based on the percentage of the Town's annual assessment to the total annual assessment of the District to the member towns. As of June 30, 2022, the District has reported to the Town that there was no outstanding debt for the District for which the Town would be contingently liable.

The Town has been named as a defendant in litigation relating to an assessment made by the Town on certain personal property that is claimed to be exempt by the plaintiff pursuant to Connecticut General Statutes §12-81 (57)(D). The case was filed September 29, 2021 and was initially regarding the grand list of October 1, 2020. The complaint was amended to include the grand list of October 1, 2021. The tax obligation resulting from the assessment of the property at issue is in the principal amount of \$320,931 for the grand list of October 1, 2020 and \$359,584 for the grand list of October 1, 2021. These amounts, plus the interest that is accruing, are at risk if the court decides that the property in question is exempt from taxation.

**Town of Hampton, Connecticut**  
Notes to the Financial Statements  
June 30, 2022

**Note 15 - Recently Issued Accounting Standards not yet Effective**

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for reporting periods beginning after December 15, 2021 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 which is the Town's fiscal year beginning July 1, 2022. The Town does not expect this statement to have a material effect on its financial statements.

In May 2020, the GASB issued Statement 96, *Subscription Based Information Technology Arrangements*. This Statement provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, *Leases*. It defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction; it requires governments with SBITAs to recognize a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability (with an exception for short-term SBITAs - those with a maximum possible term of 12 months); and it provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 which is the Town's fiscal year beginning July 1, 2022. The Town has not yet determined the impact that this statement might have on its financial statements.

In April of 2022, the GASB issued Statement 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for the Town's reporting period beginning July 1, 2022. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 which is the Town's fiscal year beginning July 1, 2023. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023 which is the Town's fiscal year beginning July 1, 2023. The Town has not yet determined the impact that this statement might have on its financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 which is the Town's fiscal year beginning July 1, 2024. The Town has not yet determined the impact that this statement might have on its financial statements.

**Town of Hampton, Connecticut**  
Notes to the Financial Statements  
June 30, 2022

**Note 16 - Restatements**

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are the financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in Statement No. 87. The Town adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The recognition and disclosure requirement of Statement No. 87 are not applicable to short-term leases. As such, the right to use leases under Statement No. 87 would be considered long-term liabilities which are included in the government-wide financial statements of the Town. In accordance with the leases guidance, the Town would measure the lease liability and the corresponding right to use lease asset as the present value of the payments expected to be made during the lease term. The future lease payments should be discounted using the interest rate the lessor charges the lessee, which may be the interest rate implicit in the lease. If the interest rate cannot be readily determined by the lessee, the lessee's estimated incremental borrowing rate (an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term) should be used.

The Town entered into a joint land lease agreement with the Town being responsible for 52% of the required lease payments resulting in a lease liability in the amount of \$122,619 in July of 2013. The Town entered into a copier lease agreement resulting in a lease liability in the amount of \$17,009 in December of 2020. The Board of Education entered into a copier lease agreement resulting in a lease liability in the amount of \$23,469 in January of 2020. These lease assets are being amortized over the term of the leases on a straight line basis. The accumulated amortization of these lease assets as of July 1, 2021 resulted in net capital asset additions of \$53,718 while the principal payments on these lease liabilities as of July 1, 2021 resulted in net lease liability additions of \$63,439. The difference between these net capital lease assets and net lease liabilities was (\$9,721) representing a reduction in the net position balance of the Town as of July 1, 2021. The Town also restated both the net position balance and the general fund balance as of July 1 by reducing each balance in the amount of (\$24,077). This restatement related to tax acquired property which the Town had taken possession of during the 2014 fiscal year. Rental payments in relation to this property were made during subsequent fiscal years which should have reduced this tax acquired property asset but were rather recorded as revenues thus increasing both the net position and general fund balance. The Town also restated both the net position balance and the capital non-recurring fund balance as of July 1 by increasing both balance by \$3,005. This restatement related to amounts paid on a revaluation contract in excess of work completed to date thus reclassifying this amount as a prepaid item. The result of these three restatements was a reduction in the net position balance as of July 1 in the amount of (\$30,793) from the originally reported balance of \$12,285,118 to the restated balance of \$12,254,325. The result of the second restatement was a reduction in the general fund balance as of July 1 in the amount of (\$24,077) from the originally reported balance of \$1,655,516 to the restated balance of \$1,631,439. The result of the third restatement was an increase in the capital non-recurring fund balance as of July 1 in the amount of \$3,005 from the originally reported balance of \$359,694 to the restated balance of \$362,699.

Certain amounts included in Management's Discussion and Analysis section of the financial statements were also restated as a result of the adoption of Statement No. 87 and the above described tax acquired property and prepaid item restatements. In addition, prior fiscal year revenues and expenditures/expenses were restated as they relate to State pension and OPEB on-behalf contributions and pension and OPEB revenues and expenses on-behalf and benefits provided by the State for the Teachers Retirement System to correctly match the provided pension and OPEB disclosure reporting provided by the State.

**Note 17 - Subsequent events**

The Town has evaluated subsequent events through February 9, 2023, the date to which the financial statements were available to be issued. There were no recognized subsequent events that would require adjustments to the financial statements and there were no non-recognized subsequent events that would require disclosure in the notes to the financial statements.

**Town of Hampton, Connecticut**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budgetary Basis - General Fund  
For the year ended June 30, 2022

	Original budget	Budget revisions	Final budget	Actual	Variance
<b>Revenues</b>					
Property tax revenues	\$ 3,897,655	\$ -	\$ 3,897,655	\$ 3,634,872	\$ -262,783
Intergovernmental - education	1,058,408	-	1,058,408	1,058,356	-52
Intergovernmental - tax relief	26,678	-	26,678	26,575	-103
Intergovernmental - other	259,979	-	259,979	284,162	24,183
Charges for services	62,950	-	62,950	104,937	41,987
Interest income	2,025	-	2,025	4,020	1,995
Miscellaneous	50,481	-	50,481	67,696	17,215
Total revenues	<u>5,358,176</u>	<u>-</u>	<u>5,358,176</u>	<u>5,180,618</u>	<u>-177,558</u>
<b>Expenditures</b>					
General government:					
Selectmen	75,200	-	75,200	69,361	5,839
Tax collector	32,129	-	32,129	29,531	2,598
Board of assessment appeals	250	-	250	-	250
Town clerk	58,301	-	58,301	53,998	4,303
Town legal	3,000	6,167	9,167	9,167	-
Town treasurer	30,274	400	30,674	30,040	634
Town assessor	43,189	-	43,189	42,183	1,006
Town hall	26,710	-	26,710	22,174	4,536
Elections	28,664	-	28,664	22,625	6,039
Planning and zoning	47,069	611	47,680	47,670	10
Conservation commission	605	-	605	289	316
Inland wetlands	5,564	-	5,564	3,762	1,802
Auditor and capital assets	14,420	-	14,420	14,000	420
Board of finance legal	3,000	-	3,000	596	2,404
Board of finance administration	2,825	-	2,825	3,070	-245
Town utilities and fuel	51,275	3,280	54,555	49,699	4,856
Employee retirement plan	9,000	-	9,000	8,420	580
Health insurance	98,538	-3,280	95,258	78,392	16,866
Green energy	2,500	-	2,500	2,198	302
	<u>532,513</u>	<u>7,178</u>	<u>539,691</u>	<u>487,175</u>	<u>52,516</u>
Public safety:					
Fire marshal	10,689	-	10,689	9,984	705
Hampton volunteer fire department	74,350	-760	73,590	74,350	-760
Hampton volunteer fire incentive	50,000	-	50,000	50,000	-
Ambulance services	53,600	-	53,600	53,600	-
Dispatch services	4,377	-	4,377	4,377	-
Paramedic services	4,850	1,537	6,387	6,387	-
Building inspector	30,290	115	30,405	29,932	473
Burning permits	200	-115	85	-	85
Dot physicals	550	-	550	537	13
	<u>228,906</u>	<u>777</u>	<u>229,683</u>	<u>229,167</u>	<u>516</u>
Animal control pound	5,803	-	5,803	5,802	1
Animal control other	1,575	-	1,575	1,268	307
	<u>7,378</u>	<u>-</u>	<u>7,378</u>	<u>7,070</u>	<u>308</u>



**Town of Hampton, Connecticut**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis - General Fund**  
**For the year ended June 30, 2022**

	Original budget	Budget revisions	Final budget	Actual	Variance
<b>Public works</b>					
Paving	\$ 220,000	\$ 11,791	\$ 231,791	\$ 231,791	\$ -
Road maintenance	265,584	-14,414	251,170	222,105	29,065
Fuel	29,035	-1,819	27,216	23,111	4,105
Locip grant	28,512	25,172	53,684	53,684	-
Tree removal	30,000	-29,025	975	975	-
Salt storage	5,500	-	5,500	5,500	-
Safety and training	3,000	-	3,000	1,432	1,568
Town garage maintenance	5,000	3,584	8,584	8,583	1
Equipment maintenance	14,500	4,711	19,211	19,211	-
Small tools	2,000	-	2,000	139	1,861
Signs	1,000	-	1,000	-	1,000
	<u>604,131</u>	<u>-</u>	<u>604,131</u>	<u>566,531</u>	<u>37,600</u>
<b>Sanitation and waste</b>					
Transfer station operations	44,248	-	44,248	41,576	2,672
Transfer station lease	17,732	-	17,732	17,544	188
Tipping fees	54,575	-1,523	53,052	51,043	2,009
Waste transport	23,744	1,523	25,267	25,267	-
	<u>140,299</u>	<u>-</u>	<u>140,299</u>	<u>135,430</u>	<u>4,869</u>
<b>Health and welfare</b>					
Public nurse	1,000	-	1,000	1,000	-
Health district	12,894	-	12,894	12,894	-
Senior citizens	4,000	-	4,000	4,000	-
Elderly services provider	1,000	-	1,000	1,000	-
United services	1,304	-	1,304	1,304	-
Other services	3,508	-	3,508	3,497	11
	<u>23,706</u>	<u>-</u>	<u>23,706</u>	<u>23,695</u>	<u>11</u>
<b>Education</b>					
Elementary education	2,018,230	-43,000	1,975,230	1,927,620	47,610
Secondary education	1,576,639	-	1,576,639	1,576,639	-
	<u>3,594,869</u>	<u>-43,000</u>	<u>3,551,869</u>	<u>3,504,259</u>	<u>47,610</u>
<b>General and program</b>					
Library	34,680	-	34,680	34,680	-
Town social security	33,000	-	33,000	28,541	4,459
Insurance and bonds	36,287	-	36,287	34,358	1,929
Contingency	15,000	-7,955	7,045	-	7,045
	<u>118,967</u>	<u>-7,955</u>	<u>111,012</u>	<u>97,579</u>	<u>13,433</u>
<b>Unclassified</b>					
Dial a ride	2,145	-	2,145	2,145	-
Organizational dues	3,080	-	3,080	3,079	1
Probate court	622	-	622	622	-
Memorial day parade	450	-	450	440	10
Other community services	2,100	-	2,100	800	1,300
	<u>8,397</u>	<u>-</u>	<u>8,397</u>	<u>7,086</u>	<u>1,311</u>

**Town of Hampton, Connecticut**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis - General Fund**  
**For the year ended June 30, 2022**

	Original budget	Budget revisions	Final budget	Actual	Variance
Debt service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
	-	-	-	-	-
Total expenditures	5,259,166	-43,000	5,216,166	5,057,992	158,174
Excess (deficiency) of revenues over (under) expenditures	99,010	43,000	142,010	122,626	-19,384
Other financing sources (uses)					
Use of unassigned fund balance	-	25,298	25,298	-	-25,298
Operating transfers in	-	-	-	-	-
Operating transfers out	-99,010	-68,298	-167,308	-167,308	-
Total other financing sources (uses)	-99,010	-43,000	-142,010	-167,308	-25,298
Change in fund balance	-	-	-	-44,682	-44,682
Current fiscal year encumbrances				1,160	
Prior fiscal year encumbrances				-17,236	
Non-budgeted State on behalf revenues				281,020	
Non-budgeted State on behalf expenditures				-281,020	
Non-cash note payable proceeds				1,546	
Non-cash note payable purchase				-1,546	
Net change in fund balance				-60,758	
<b>Fund Balance - July 1, as restated</b>				1,631,439	
<b>Fund Balance - June 30</b>				<u>\$ 1,570,681</u>	

**Town of Hampton, Connecticut**  
 Schedule of Town's Proportionate Share of the Net Pension Liability  
 Connecticut Teachers' Retirement System  
 Last ten fiscal years (for all years available)

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	3,279,001	4,140,109	4,502,740	3,471,874	2,956,599	3,119,234	2,780,460	2,569,978
Total	\$ 3,279,001	\$ 4,140,109	\$ 4,502,740	\$ 3,471,874	\$ 2,956,599	\$ 3,119,234	\$ 2,780,460	\$ 2,569,978
Town's covered-employee payroll	\$ 988,689	\$ 956,241	\$ 1,157,721	\$ 1,139,772	\$ 937,137	\$ 903,264	\$ 1,033,510	\$ 996,158
Town's proportion share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.51%

**Notes to schedule:**

- Changes in benefit terms None
- Changes in assumptions None
- Actuarial cost method Entry age
- Amortization method Level percent of pay closed, grading to a level dollar amortization method for the June 30, 2024 valuation
- Single equivalent amortization 30 years
- Asset valuation method 4-year smoothed market
- Inflation 2.50%
- Salary increases 3.00% to 6.50%, including inflation
- Investment rate of return 6.90%, net of pension plan investment expense, including inflation
- Administrative expenses \$0 assumption as expenses are paid for by the General Assembly
- Mortality rates Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

**Town of Hampton, Connecticut**  
 Schedule of Town's Proportionate Share of the Net OPEB Liability  
 Connecticut Teachers' Retirement System  
 Last ten fiscal years (for all years available)

	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	357,241	617,497	702,228	694,071	760,996
Total	\$ 357,241	\$ 617,497	\$ 702,228	\$ 694,071	\$ 760,996
Town's covered-employee payroll	\$ 988,689	\$ 956,241	\$ 1,157,721	\$ 1,139,772	\$ 937,137
Town's proportion share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	6.11%	2.50%	2.08%	1.49%	1.79%

**Notes to schedule:**

Changes in benefit terms	None
Changes in assumptions	None
Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.16%
Prior measurement date	2.21%
Single equivalent interest rate:	
Measurement date	2.17%, net of OPEB plan investment expense, including price inflation
Prior measurement date	2.21%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates:	
Medicare	5.125% for 2021, decreasing to an ultimate rate of 4.50% by 2023
Mortality rates:	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement

**Town of Hampton, Connecticut**  
**Schedule of Changes in Total OPEB Liability**  
**Post-Retirement Healthcare Plan**  
**Last ten fiscal years (for all years available)**

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 5,836	\$ 7,816	\$ 3,081	\$ 1,335	\$ 2,926
Interest	12,016	12,667	13,299	14,353	16,534
Effect of economic/demographic gains or losses	-494,058	-39,149	80,005	-25,474	-66,453
Changes of benefit terms	-	-	-	-	-
Changes of assumptions	-22,628	3,754	92,069	17,147	6,097
Benefit payments	-	-	-	-	-
Net change in total OPEB liability	-498,834	-14,912	188,454	7,361	-40,896
Total OPEB liability - beginning	550,441	565,353	376,899	369,538	410,434
Total OPEB liability - ending	<u>\$ 51,607</u>	<u>\$ 550,441</u>	<u>\$ 565,353</u>	<u>\$ 376,899</u>	<u>\$ 369,538</u>

**Notes to schedule:**

Measurement date	June 30, 2022
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial cost method	Entry age normal (level percentage of salary)
Actuarial assumptions:	
Discount rate	4.09%
Bond yield	4.09%
Rate of compensation increase	3.20%
Participation percentage	6.30%
Amortization period	20 years
Mortality rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

**Town of Hampton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Governmental Funds  
As of and for the year ended June 30, 2022

	Non-major special revenue funds	Non-major permanent funds	Totals
<b>Assets</b>			
Cash	\$ 45,484	\$ 6,087	\$ 51,571
Investments	25,287	4,676	29,963
Accounts receivable	1,920	-	1,920
Prepaid items	-	-	-
Due from other funds	340,164	-	340,164
<b>Total assets</b>	<b>412,855</b>	<b>10,763</b>	<b>423,618</b>
<b>Liabilities</b>			
Accounts payable	1,383	-	1,383
Accrued payroll	10,009	-	10,009
Due to other funds	213	-	213
<b>Total liabilities</b>	<b>11,605</b>	<b>-</b>	<b>11,605</b>
<b>Fund balance</b>			
Nonspendable	25,000	6,623	31,623
Restricted	310,692	4,140	314,832
Committed	-	-	-
Assigned	66,681	-	66,681
Unassigned	-1,123	-	-1,123
<b>Total fund balance</b>	<b>401,250</b>	<b>10,763</b>	<b>412,013</b>
Total liabilities and fund balance	<b>\$ 412,855</b>	<b>\$ 10,763</b>	<b>\$ 423,618</b>
<b>Revenues</b>			
Intergovernmental revenues	\$ 278,002	\$ -	\$ 278,002
Charges for services	14,306	-	14,306
Interest income	287	53	340
Miscellaneous	4,848	-	4,848
<b>Total revenues</b>	<b>297,443</b>	<b>53</b>	<b>297,496</b>
<b>Expenditures</b>			
Wages and benefits	162,141	-	162,141
Program operating costs	111,900	53	111,953
Capital expenditures	59,413	-	59,413
<b>Total expenditures</b>	<b>333,454</b>	<b>53</b>	<b>333,507</b>
Excess (deficiency) of revenues over (under) expenditures	-36,011	-	-36,011
<b>Other financing sources (uses)</b>			
Transfers in	43,000	-	43,000
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>43,000</b>	<b>-</b>	<b>43,000</b>
Net change in fund balance	6,989	-	6,989
<b>Fund balance - July 1</b>	<b>394,261</b>	<b>10,763</b>	<b>405,024</b>
<b>Fund balance - June 30</b>	<b>\$ 401,250</b>	<b>\$ 10,763</b>	<b>\$ 412,013</b>

**Town of Hampton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2022

	School lunch program	Recycle CT grant	American rescue plan act grant	Emergency management grant	Historic document preservation
<b>Assets</b>					
Cash	\$ 30,231	\$ -	\$ -	\$ -	\$ 76
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	56	260,263	1,948	3,594
<b>Total assets</b>	<b>30,231</b>	<b>56</b>	<b>260,263</b>	<b>1,948</b>	<b>3,670</b>
<b>Liabilities</b>					
Accounts payable	-	966	-	-	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>966</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	260,263	1,948	3,670
Committed	-	-	-	-	-
Assigned	30,231	-	-	-	-
Unassigned	-	-910	-	-	-
<b>Total fund balance</b>	<b>30,231</b>	<b>-910</b>	<b>260,263</b>	<b>1,948</b>	<b>3,670</b>
<b>Total liabilities and fund balance</b>	<b>\$ 30,231</b>	<b>\$ 56</b>	<b>\$ 260,263</b>	<b>\$ 1,948</b>	<b>\$ 3,670</b>
<b>Revenues</b>					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	850	-	-	606
Interest income	-	-	-	-	-
Miscellaneous	-	2,375	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>3,225</b>	<b>-</b>	<b>-</b>	<b>606</b>
<b>Expenditures</b>					
Wages and benefits	-	-	-	-	-
Program operating costs	24,189	4,135	4,367	1,238	289
Capital expenditures	-	-	7,941	-	-
<b>Total expenditures</b>	<b>24,189</b>	<b>4,135</b>	<b>12,308</b>	<b>1,238</b>	<b>289</b>
Excess (deficiency) of revenues over (under) expenditures	-24,189	-910	-12,308	-1,238	317
Other financing sources (uses)					
Transfers in	43,000	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>43,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	18,811	-910	-12,308	-1,238	317
<b>Fund balance - July 1</b>	<b>11,420</b>	<b>-</b>	<b>272,571</b>	<b>3,186</b>	<b>3,353</b>
<b>Fund balance - June 30</b>	<b>\$ 30,231</b>	<b>\$ -910</b>	<b>\$ 260,263</b>	<b>\$ 1,948</b>	<b>\$ 3,670</b>

**Town of Hampton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2022

	Town clerk discretionary fund	Fuel donations fund	Recreation activities fund	Nips environmental fees fund
<b>Assets</b>				
Cash	\$ 78	\$ -	\$ 4,626	\$ -
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	965	7,313	-	-
Total assets	<u>1,043</u>	<u>7,313</u>	<u>4,626</u>	<u>-</u>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	213
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>213</u>
<b>Fund balance</b>				
Nonspendable	-	-	-	-
Restricted	1,043	7,313	-	-
Committed	-	-	-	-
Assigned	-	-	4,626	-
Unassigned	-	-	-	-213
Total fund balance	<u>1,043</u>	<u>7,313</u>	<u>4,626</u>	<u>-213</u>
Total liabilities and fund balance	<u>\$ 1,043</u>	<u>\$ 7,313</u>	<u>\$ 4,626</u>	<u>\$ -</u>
<b>Revenues</b>	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-
Charges for services	838	-	-	-
Interest income	-	-	-	-
Miscellaneous	-	50	100	1,323
Total revenues	<u>838</u>	<u>50</u>	<u>100</u>	<u>1,323</u>
<b>Expenditures</b>				
Wages and benefits	169	-	-	-
Program operating costs	-	500	6,834	1,536
Capital expenditures	-	-	-	-
Total expenditures	<u>169</u>	<u>500</u>	<u>6,834</u>	<u>1,536</u>
Excess (deficiency) of revenues over (under) expenditures	<u>669</u>	<u>-450</u>	<u>-6,734</u>	<u>-213</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	669	-450	-6,734	-213
Fund balance - July 1	<u>374</u>	<u>7,763</u>	<u>11,360</u>	<u>-</u>
Fund balance - June 30	<u>\$ 1,043</u>	<u>\$ 7,313</u>	<u>\$ 4,626</u>	<u>\$ -213</u>



**Town of Hampton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Special Revenue Funds  
As of and for the year ended June 30, 2022

	Volunteer fire company trust	School readiness fund	Elementary education grants	Totals
<b>Assets</b>				
Cash	\$ -	\$ 9,313	\$ 1,160	\$ 45,484
Investments	25,287	-	-	25,287
Accounts receivable	-	-	1,920	1,920
Prepaid items	-	-	-	-
Due from other funds	-	3,184	62,841	340,164
Total assets	<u>25,287</u>	<u>12,497</u>	<u>65,921</u>	<u>412,855</u>
<b>Liabilities</b>				
Accounts payable	-	390	27	1,383
Accrued payroll	-	10,009	-	10,009
Due to other funds	-	-	-	213
Total liabilities	<u>-</u>	<u>10,399</u>	<u>27</u>	<u>11,605</u>
<b>Fund balance</b>				
Nonspendable	25,000	-	-	25,000
Restricted	287	-	36,168	310,692
Committed	-	-	-	-
Assigned	-	2,098	29,726	66,681
Unassigned	-	-	-	-1,123
Total fund balance	<u>25,287</u>	<u>2,098</u>	<u>65,894</u>	<u>401,250</u>
Total liabilities and fund balance	<u>\$ 25,287</u>	<u>\$ 12,497</u>	<u>\$ 65,921</u>	<u>\$ 412,855</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ 100,721	\$ 177,281	\$ 278,002
Charges for services	-	12,012	-	14,306
Interest income	287	-	-	287
Miscellaneous	-	-	1,000	4,848
Total revenues	<u>287</u>	<u>112,733</u>	<u>178,281</u>	<u>297,443</u>
<b>Expenditures</b>				
Wages and benefits	-	98,330	63,642	162,141
Program operating costs	286	13,004	55,522	111,900
Capital expenditures	-	-	51,472	59,413
Total expenditures	<u>286</u>	<u>111,334</u>	<u>170,636</u>	<u>333,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>1,399</u>	<u>7,645</u>	<u>-36,011</u>
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	43,000
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,000</u>
Net change in fund balance	1	1,399	7,645	6,989
Fund balance - July 1	<u>25,286</u>	<u>699</u>	<u>58,249</u>	<u>394,261</u>
Fund balance - June 30	<u>\$ 25,287</u>	<u>\$ 2,098</u>	<u>\$ 65,894</u>	<u>\$ 401,250</u>

**Town of Hampton, Connecticut**  
Combining Balance Sheet and Statement of Revenues, Expenditures  
and Changes in Fund Balances - Non-Major Permanent Funds  
As of and for the year ended June 30, 2022

	Library trust fund	Cemetery trust fund	Dupuis memorial fund	Totals
<b>Assets</b>				
Cash	\$ -	\$ -	\$ 6,087	\$ 6,087
Investments	3,319	1,357	-	4,676
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>3,319</u>	<u>1,357</u>	<u>6,087</u>	<u>10,763</u>
<b>Liabilities</b>				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance</b>				
Nonspendable	3,281	1,342	2,000	6,623
Restricted	38	15	4,087	4,140
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>3,319</u>	<u>1,357</u>	<u>6,087</u>	<u>10,763</u>
Total liabilities and fund balance	<u>\$ 3,319</u>	<u>\$ 1,357</u>	<u>\$ 6,087</u>	<u>\$ 10,763</u>
<b>Revenues</b>				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest income	38	15	-	53
Miscellaneous	-	-	-	-
Total revenues	<u>38</u>	<u>15</u>	<u>-</u>	<u>53</u>
<b>Expenditures</b>				
Wages and benefits	-	-	-	-
Program operating costs	38	15	-	53
Capital expenditures	-	-	-	-
Total expenditures	<u>38</u>	<u>15</u>	<u>-</u>	<u>53</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
<b>Fund balance - July 1</b>	<u>3,319</u>	<u>1,357</u>	<u>6,087</u>	<u>10,763</u>
<b>Fund balance - June 30</b>	<u>\$ 3,319</u>	<u>\$ 1,357</u>	<u>\$ 6,087</u>	<u>\$ 10,763</u>

**Town of Hampton, Connecticut**  
**Combining Statement of Revenues, Expenditures and Changes**  
**in Fund Balances - Capital & Non-Recurring Fund**  
**As of and for the year ended June 30, 2022**

	Fund balance 07/01/21	Annual appropriation & transfers	Revenues	Expenditures	Fund balance 06/30/22
<b>General government:</b>					
Capital building maintenance	\$ 4,099	\$ 30,000	\$ -	\$ -5,739	\$ 28,360
Grange building maintenance	2,052	-	-	-450	1,602
Town hall reserve fund	10	-	-	-	10
Revaluation fund	7,783	6,010	-	-1,875	11,918
Open space fund	93,037	-	894	-	93,931
Land acquisition fund	10,005	10,000	-	-	20,005
	<u>116,986</u>	<u>46,010</u>	<u>894</u>	<u>-8,064</u>	<u>155,826</u>
<b>Public safety:</b>					
Fire truck reserve	40,134	25,000	-	-6,075	59,059
<b>Public works:</b>					
General trucks and equipment	654	25,298	-	-1,290	24,662
<b>Health and welfare:</b>					
Green energy efficiency	480	8,000	-	-350	8,130
<b>Education:</b>					
School capital fund	60,220	20,000	-	-	80,220
School reserve fund	143,805	-	-	-	143,805
	<u>204,025</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>224,025</u>
<b>Unclassified</b>					
Uncommitted fund balance	420	-	981	-	1,401
<b>Totals:</b>	<u>\$ 362,699</u>	<u>\$ 124,308</u>	<u>\$ 1,875</u>	<u>\$ -15,779</u>	<u>\$ 473,103</u>

**Town of Hampton, Connecticut**  
**Schedule of Property Taxes Levied,**  
**Collections and Outstanding Balances**  
**For the year ended June 30, 2022**

Grand list	Uncollected taxes 06/30/21	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2020	\$ -	\$ 3,954,208	\$ 4,825	\$ -13,471	\$ 3,945,562
2019	56,625	-	1,082	-424	57,283
2018	26,494	-	3	-	26,497
2017	5,943	-	-	-397	5,546
2016	716	-	-	-	716
2015	1,045	-	-	-	1,045
2014	376	-	-	-	376
2013	239	-	-	-	239
2012	351	-	-	-	351
2011	352	-	-	-	352
2010	367	-	-	-	367
2009	372	-	-	-	372
2008	244	-	-	-	244
2007	1,146	-	-	-	1,146
2006	1,103	-	-	-	1,103
2005	555	-	-	-555	-
	<u>\$ 95,928</u>	<u>\$ 3,954,208</u>	<u>\$ 5,910</u>	<u>\$ -14,847</u>	<u>\$ 4,041,199</u>

**Town of Hampton, Connecticut**  
 Schedule of Property Taxes Levied,  
 Collections and Outstanding Balances  
 For the year ended June 30, 2022

Grand list	Collections during the fiscal year				Total	Adjustments	Uncollected taxes 6/30/22
	Taxes	Interest	Lien fees				
2020	\$ 3,562,875	\$ 10,413	\$ 459		\$ 3,573,747	\$ -958	\$ 381,729
2019	29,885	8,362	631		38,878	-6,103	21,295
2018	16,807	5,469	216		22,492	-9,046	644
2017	311	181	-		492	-4,987	248
2016	-	-	-		-	-449	267
2015	-	-	-		-	-779	266
2014	-	-	-		-	-137	239
2013	-	-	-		-	-	239
2012	-	-	-		-	-	351
2011	-	-	-		-	-	352
2010	-	-	-		-	-	367
2009	-	-	-		-	-	372
2008	-	-	-		-	-	244
2007	-	-	-		-	-	1,146
2006	-	-	-		-	-	1,103
2005	-	-	-		-	-	-
	<u>\$ 3,609,878</u>	<u>\$ 24,425</u>	<u>\$ 1,306</u>		<u>\$ 3,635,609</u>	<u>\$ -22,459</u>	<u>\$ 408,862</u>

A - This schedule is in effect designed to be shown on the cash basis of accounting whereas it shows the amount being received against tax years as revenues when in effect they represent a reduction in the outstanding asset account for each tax year outstanding. As a result, the total collections balance shown above will not tie out to the property tax revenue balance on Statement D and RSI-1. However, the following is a reconciliation of selected balances from this schedule to the amount shown on Statement D and RSI-1. In addition, the uncollected tax balances shown above may have been netted against credit balance accounts resulting from overpayments not yet refunded when present. A breakdown of these two amounts can be found in the posted rate book when present. The above shown adjustments column reports the current fiscal year transfers to suspense which were approved during the current fiscal year.

\$ 3,954,208	Current year taxes levied from page 58
24,425	Tax interest collections during the current fiscal year from above
1,306	Tax lien fee collections during the current fiscal year from above
326	Suspense collections during the current fiscal year
-22,459	Account balances transferred to suspense during the current fiscal year from above
-8,937	The net lawful corrections made during the current fiscal year from page 58
-313,997	The unearned tax revenue adjustment made as described in item number 2 on page 16
<u>\$ 3,634,872</u>	Property tax revenues per Statement D and RSI-1

B - Operation of Law - No tax can be collected 15 years after the original due date.

C - Taxes transferred (to) and from suspense. Though tax balances are transferred from active status to suspense status they remain collectible. During the current fiscal year \$141 was collected on principal suspense tax balances owed and \$185 of interest and lien fees was collected on principal suspense tax balances owed. In addition, \$10 worth of lawful correction additions were made to a suspense tax year and \$553 worth of lawful deductions were made to a suspense year.

**Town of Hampton, Connecticut**  
**Schedule of Debt Limitation**  
**Connecticut General Statutes, Section 7-374 (b)**  
**For the year ended June 30, 2022**

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 3,635,609
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current fiscal year.	-
Reimbursement for revenue loss on: Tax relief for the elderly - (CGS 12-129d)	-
Total base	<u>\$ 3,635,609</u>

<u>Debt limitation:</u>	<u>General purposes</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban renewal</u>	<u>Pension deficit</u>	<u>Total Debt</u>
2 1/4 times base	\$ 8,180,120	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	16,360,241	-	-	-	-
3 3/4 times base	-	-	13,633,534	-	-	-
3 1/4 times base	-	-	-	11,815,729	-	-
3 times base	-	-	-	-	10,906,827	-
7 times base	-	-	-	-	-	25,449,263
Total debt limitation	<u>8,180,120</u>	<u>16,360,241</u>	<u>13,633,534</u>	<u>11,815,729</u>	<u>10,906,827</u>	<u>25,449,263</u>
 <b><u>Indebtedness:</u></b>						
General obligation bonds	-	-	-	-	-	-
Notes payable	-	928	-	-	-	928
Right to use leases payable	28,028	9,315	-	-	-	37,343
Town proportionate share of Regional School District No. 11 outstanding debt	-	-	-	-	-	-
Authorized but unissued debt	-	-	-	-	-	-
Total indebtedness	<u>28,028</u>	<u>10,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,271</u>
Debt limitation in excess of outstanding an authorized debt	<u>\$ 8,152,092</u>	<u>\$ 16,349,998</u>	<u>\$ 13,633,534</u>	<u>\$ 11,815,729</u>	<u>\$ 10,906,827</u>	<u>\$ 25,410,992</u>

# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

### Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Finance  
Board of Selectmen  
Town of Hampton, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hampton, Connecticut, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Hampton, Connecticut's basic financial statements, and have issued our report thereon dated February 9, 2023, which contained unmodified opinions on the governmental activities, each major fund and the aggregate remaining fund information. An adverse opinion was issued on the discretely presented component unit financial statements of the Town of Hampton, Connecticut as it relates to the government-wide financial statement exclusion of the financial information of entities determined to be component units. This adverse opinion is described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the financial statements.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Hampton, Connecticut's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hampton, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Hampton, Connecticut's internal control.

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

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

#### **Compliance and other matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Town of Hampton, Connecticut's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hampton, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stephen T. Hopkins, CPA, PC

A handwritten signature in cursive script that reads "Stephen T. Hopkins, CPA, PC".

Scarborough, Maine

February 9, 2023



# Stephen T. Hopkins, CPA, PC

## Auditing, Accounting, and Consulting Services

214 Holmes Road / Scarborough, Maine 04074 / Phone: (207) 885 - 5038 / Fax: (207) 470 - 5050

Independent Auditors' Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of State Financial Assistance Required by the State Single Audit Act

Board of Finance  
Board of Selectmen  
Town of Hampton, Connecticut

### Report on Compliance for Each Major State Program

#### Opinion on Each Major State Program

We have audited the Town of Hampton, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of the Town of Hampton, Connecticut's major state programs for the year ended June 30, 2022. The Town of Hampton, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Hampton, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

#### Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

#### Responsibilities of Management for Compliance

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

#### Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Hampton, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Hampton, Connecticut's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

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

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

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hampton, Connecticut and the related notes to the financial statements, which collectively comprise the Town of Hampton, Connecticut's basic financial statements as of and for the year ended June 30, 2022, and have issued our report thereon dated February 9, 2023, which contained unmodified opinions on the governmental activities, each major fund and the aggregate remaining fund information. An adverse opinion was issued on the discretely presented component unit financial statements of the Town of Hampton, Connecticut as it relates to the government-wide financial statement exclusion of the financial information of entities determined to be component units. This adverse opinion is described in more detail in the Independent Auditors' Report which can be found on pages 1 through 3 of the financial statements.

Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Stephen T. Hopkins, CPA, PC



Scarborough, Maine  
February 9, 2023

**Town of Hampton, Connecticut**  
 Schedule of Expenditures of State Financial Assistance  
 For the year ended June 30, 2022

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
<b><u>Connecticut State Library:</u></b>			
Historic Document Preservation	12060-CSL66094-35150		\$ 5,500
<b><u>Department of Education:</u></b>			
Talent Development	11000-SDE64370-12552		186
Adult Education	11000-SDE64370-17030		1,716
<b><u>Office of Early Childhood:</u></b>			
Early care and education	11000-OEC64845-16274		96,840
School readiness quality enhancement	11000-OEC64845-16158		3,881
<b><u>Department of Transportation:</u></b>			
Town Aid Road Grants - Municipal	12052-DOT57131-43455		93,420
Town Aid Road - STO	13033-DOT57131-43459		93,420
<b><u>Office of Policy and Management:</u></b>			
Disabled Program	11000-OPM20600-17011		423
Property Tax Relief for Veterans	11000-OPM20600-17024		193
Tiered Payment in Lieu of Taxes	11000-OPM20600-17111		19,153
Local capital improvement	12050-OPM20600-40254		53,684
MRSA - Tiered Payment in Lieu of Taxes	12060-OPM20600-35691		6,806
<b><u>Other Departments miscellaneous awards:</u></b>			
Other Expenses	11000-DRS16410-10020		30
Other Expenses	11000-DSS60439-10020		80
Non-Budgeted Operating Appropriations	34001-JUD95162-40001		520
Total State Financial Assistance before Exempt Programs			375,852
Exempt Programs			
<b><u>Department of Education:</u></b>			
Education equalization grants program 82010	11000-SDE64370-17041		1,058,356
<b><u>Office of Policy and Management:</u></b>			
Municipal stabilization grant	11000-OPM20600-17104		28,585
Mashantucket Pequot grant	12009-OPM20600-17005		8,881
Total exempt programs			1,095,822
Total expenditures of State Financial Assistance		<u>\$</u>	<u>\$ 1,471,674</u>

**Town of Hampton, Connecticut**  
Notes to Schedule of Expenditures of State Financial Assistance  
For the year ended June 30, 2022

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Hampton, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2022. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including but not limited to education, transportation, tax relief, and library programs.

**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the Town of Hampton, Connecticut conform to accounting principles generally accepted in the United States of America as applicable to governments. The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

**Basis of Accounting:**

There are two sets of basic financial statements contained in the Town of Hampton, Connecticut's annual report as required by GASB Statement No. 34. The government-wide financial statements are prepared on the accrual basis of accounting, and the fund financial statements are prepared on the modified accrual basis of accounting. The following is a summary of such bases:

**Accrual Basis - Government-wide financial statements:**

- Revenues are recognized when they are earned.
- Expenses are recorded when they are incurred.

**Modified Accrual Basis - Fund financial statements:**

- Revenues are recognized when they become measurable and available. Available includes those property tax receivables expected to be collected within sixty days after year end. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Intergovernmental revenues, and interest income are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available.
- Expenditures are recorded generally when the related fund liability is incurred. This includes reimbursable expenditures which have been incurred by the Town and therefore included in the accompanying schedule of expenditures of state financial assistance but which have not yet been reimbursed and are considered and recorded as accounts receivable. The determination of when an award is expended should be based on when the activity related to the award occurs. Exceptions to this general rule include principal and interest on general long-term debt which is recorded when due.

The expenditures reported on the Schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**Note 2 - Awards Passed Through to Subrecipients**

There were no awards passed through to sub-recipients by the Town of Hampton, Connecticut for the year ended June 30, 2022.

**Town of Hampton, Connecticut**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2022**

**I. Summary of Audit Results**

**Financial Statements:**

Type of auditor's report issued:	<u>Modified</u>		
Internal control over financial reporting:			
• Material weakness (es) identified?	<u>          </u>	yes <u>  X  </u>	no
• Significant deficiency (ies) identified?	<u>          </u>	yes <u>  X  </u>	none reported
• Noncompliance material to the financial statements noted?	<u>          </u>	yes <u>  X  </u>	no

**State Financial Assistance:**

Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>		
Internal control over major programs:			
• Material weakness (es) identified?	<u>          </u>	yes <u>  X  </u>	no
• Significant deficiency (ies) identified?	<u>          </u>	yes <u>  X  </u>	none reported
• Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	<u>          </u>	yes <u>  X  </u>	no

**Major State Programs and percentage of coverage:**

- The following schedule reflects the major programs included in the audit. Sec. 4-230 of the Connecticut General Statutes states that a "major state program means any program, excluding an exempt program, determined to be a major state program by the independent auditor pursuant to the requirements of the risk based approach". Under step two of this process all Type A programs must be identified. Based on the Town of Hampton, Connecticut's non-exempt expenditures of state financial assistance amount of \$375,852, a Type A program shall be considered a non-exempt state program for which the amount of state financial assistance expended under the program for the audit period equals or exceeds \$100,000. The Town of Hampton does not have any Type A programs for the current fiscal year based on the \$100,000 dollar threshold and therefore all of its remaining programs would be considered Type B programs. The Town has four Type B programs for which a risk assessment must be performed considering the Type B programs with expenditures in excess of \$25,000.
- In accordance with Subpart A of the risk assessment procedures, the following considerations have been applied to the Type A program of the Town to determine whether it should be considered high risk: The dollar value of the applicable transactions, the complexity of the requirements of the program and as compared to other programs of the Town, whether the program has been tested as major during at least one of the two most recent audit periods and an assessment based on professional judgement. The Town did not have any Type A programs. Three of the four Type B programs of the Town for which a risk assessment was required were determined to be high-risk and therefore were audited as major programs. The total non-exempt state financial assistance expended by the Town for the current audit period was \$375,852. The programs tested as major and shown below represent approximately 64% of the total non-exempt state financial assistance expended.

<u>State grantor and program</u>	<u>State grant program Core-CT number</u>	<u>Expenditures</u>
Local capital improvement	12050-OPM20600-40254	\$        53,684
Town aid road grants - Municipal	12052-DOT57131-43455	93,420
Town aid road grants - STO	13033-DOT57131-43459	93,420
		<u>\$        240,524</u>
• Dollar threshold used to distinguish between Type A and Type B programs:		<u>\$        100,000</u>

**Town of Hampton, Connecticut**  
Schedule of Findings and Questioned Costs (continued)  
For the year ended June 30, 2022

**II. Financial Statement Findings**

- We issued our report, dated February 9, 2023, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on internal control over financial reporting did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.
- Our report on compliance and other matters disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**III. State Financial Assistance Findings and Questioned Costs**

- No findings or questioned costs are reported relating to State financial assistance programs.

**IV. Summary Schedule of Prior Audit Findings**

- Financial Statement Findings:

There were no findings and questioned costs related to the financial statements reported in the audit report for the Town of Hampton, Connecticut for the fiscal year ended June 30, 2021.

- State Program Findings:

There were no findings and questioned costs related to state financial assistance award programs reported in the audit report for the Town of Hampton, Connecticut for the fiscal year ended June 30, 2021.

