

Town of Clinton, Connecticut

Comprehensive Annual Financial Report



For the Year Ended June 30, 2020

**Comprehensive Annual Financial Report
of the
Town of Clinton, Connecticut**



For the Year Ended June 30, 2020

**Prepared By
Department of Finance**

**Sue Cunningham
Finance Director**

Town of Clinton, Connecticut

Comprehensive Annual Financial Report

For the Year Ended June 30, 2020

Table of Contents

| | Page |
|---|-------|
| <u>Introductory Section</u> | |
| Letter of Transmittal | 1-5 |
| Principal Officials | 6 |
| Organizational Chart | 7 |
| Certificate of Achievement for Excellence in Financial Reporting for the Year Ended June 30, 2019 | 8 |
| <u>Financial Section</u> | |
| Independent Auditors' Report | 9-11 |
| Management's Discussion and Analysis | 12-20 |
| <u>Exhibits</u> | |
| <u>Basic Financial Statements</u> | |
| <u> Government-Wide Financial Statements</u> | |
| A Statement of Net Position | 21-22 |
| B Statement of Activities | 23 |
| <u> Fund Financial Statements</u> | |
| C Balance Sheet - Governmental Funds and Reconciliation of Fund Balance to Net Position of Governmental Activities | 24-25 |
| D Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 26 |
| E Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities | 27-28 |
| F Statement of Net Position - Proprietary Funds | 29 |
| G Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds | 30 |
| H Statement of Cash Flows - Proprietary Funds | 31 |
| I Statement of Fiduciary Net Position - Fiduciary Funds | 32 |
| J Statement of Changes in Fiduciary Net Position - Fiduciary Funds | 33 |
| K Notes to Financial Statements | 34-92 |

Town of Clinton, Connecticut

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

Table of Contents

| <u>RSI</u> | | <u>Page</u> |
|------------|---|-------------|
| | <u>Required Supplementary Information</u> | |
| | <u>General Fund</u> | |
| 1A | Schedule of Revenues and Other Financing Sources - Budget and Actual | 93-94 |
| 1B | Schedule of Expenditures and Other Financing Uses - Budget and Actual | 95-96 |
| 1C | Notes to Required Supplementary Information | 97 |
| | <u>Police Pension Plan</u> | |
| 2A | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns | 98 |
| 2B | Schedule of Contributions | 99 |
| 2C | Notes to Required Supplementary Information | 100 |
| | <u>Education Noncertified Pension Plan</u> | |
| 3A | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns | 101 |
| 3B | Schedule of Contributions | 102 |
| 3C | Notes to Required Supplementary Information | 103 |
| | <u>Volunteer Firefighters' Pension Plan</u> | |
| 4A | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns | 104 |
| 4B | Schedule of Contributions | 105 |
| 4C | Notes to Required Supplementary Information | 106 |
| | <u>Connecticut Municipal Employees' Retirement System</u> | |
| 5A | Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions | 107 |
| 5B | Notes to Required Supplementary Information | 108 |

Town of Clinton, Connecticut

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

Table of Contents

| | | <u>Page</u> |
|---|---|-------------|
| <u>Connecticut State Teachers' Retirement System</u> | | |
| 6A | Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions | 109 |
| 6B | Notes to Required Supplementary Information | 110 |
| <u>Town Other Post-Employment Benefit (OPEB) Plan</u> | | |
| 7A | Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns | 111 |
| 7B | Schedule of Contributions | 112 |
| 7C | Notes to Required Supplementary Information | 113 |
| <u>Education Other Post-Employment Benefit (OPEB) Plan</u> | | |
| 8A | Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns | 114 |
| 8B | Schedule of Contributions | 115 |
| 8C | Notes to Required Supplementary Information | 116 |
| <u>Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan</u> | | |
| 9A | Schedule of Proportionate Share of the Net OPEB Liability and Schedule of Contributions | 117 |
| 9B | Notes to Required Supplementary Information | 118 |
| <u>Schedules</u> | <u>Supplemental Schedules</u> | |
| <u>General Fund</u> | | |
| 1 | Combining Balance Sheet | 119 |
| 2 | Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 120 |
| 3 | Report of Tax Collector | 121 |

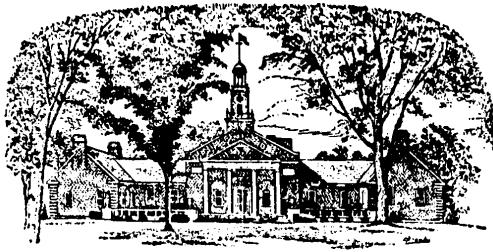
Town of Clinton, Connecticut

**Comprehensive Annual Financial Report
For the Year Ended June 30, 2020**

Table of Contents

| | <u>Table of Contents</u> | <u>Page</u> |
|--|---|-------------|
| <u>Other Governmental Funds</u> | | |
| 4 | Combining Balance Sheet | 122-123 |
| 5 | Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 124-125 |
| <u>Fiduciary Funds</u> | | |
| 6 | Statement of Changes in Assets and Liabilities - Agency Funds | 126 |
| Tables | <u>Statistical Section</u> | |
| 1 | Net Position by Component | 127 |
| 2 | Changes in Net Position | 128 |
| 3 | Fund Balances - Governmental Funds | 129 |
| 4 | Changes in Fund Balances - Governmental Funds | 130 |
| 5 | Assessed and Estimated Actual Value of Taxable Property | 131 |
| 6 | Principal Property Taxpayers | 132 |
| 7 | Property Tax Rates, Levies and Collections | 133 |
| 8 | Ratios of Outstanding Debt by Type | 134 |
| 9 | Schedule of Debt Limitation | 135 |
| 10 | Legal Debt Margin Information | 136 |
| 11 | Demographic and Economic Statistics | 137 |
| 12 | Principal Employers | 138 |
| 13 | Full-Time Equivalent Employees by Function/Program | 139 |
| 14 | Operating Indicators by Function/Program | 140 |
| 15 | Capital Asset Statistics by Function/Program | 141 |

Introductory Section



TOWN OF CLINTON, CONNECTICUT

January 6, 2021

Residents of the Town of Clinton
Town Manager, Karl Kilduff
Town Treasurer, Mr. Todd Pozefsky
Members of the Town Council

We are pleased to provide the fiscal year 2019-2020 Comprehensive Annual Financial Report (CAFR) of the Town of Clinton for the fiscal year ended June 30, 2020. The purpose of this report is to provide citizens, board members, investors, grantor agencies and other interested parties with reliable information about the Town of Clinton.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. Management of the Town is responsible for establishing and maintaining internal controls designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

This report includes all the funds and accounts of the Town. It includes all activities controlled or dependent on the Town, which are identified as general, special revenue, capital projects, trust and agency funds. The Clinton Board of Education (grades K through 12) are considered departments of the Town and therefore, these activities are included in this report. The Clinton Ambulance, Library and Volunteer Fire Department are governmental entities having operations within the Town but are separate legal entities. Their operations have therefore not been included in the Town's financial statements.

PKF O'Connor Davies, LLP, a public accounting firm fully licensed and qualified to perform audits of municipalities within the State of Connecticut, has audited the financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Clinton, Connecticut for the fiscal year ended June 30, 2020, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Clinton's financial statements for the fiscal year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town was part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Town’s separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town’s MD&A can be found immediately following the independent auditor’s report.

Profile of the Town of Clinton

The Town of Clinton was incorporated as Connecticut’s 137th town in May, 1838. The Town is located seventeen miles east of New Haven, adjacent to Madison to the west, Westbrook to the east, Long Island Sound to the south and Killingworth to the north. The Town is located approximately 100 miles east of New York City, 40 miles south of Hartford, Connecticut and 120 miles southwest of Boston. The Town encompasses approximately 17.2 square miles within Middlesex County.

The Town is traversed by the Connecticut Turnpike (Interstate 95), the Boston Post Road (Route 1), and Routes 81 and 145. Metro-North/Shoreline East and Amtrak also provide rail service to New Haven, Boston, or New York. In addition, Tweed New Haven Airport, located in New Haven is a major commuter center with direct flights to Charlotte serviced by American Airlines providing connections with multiple destinations. The Town is served by the State of Connecticut Department of Transportation that operates buses on multiple routes that include New Haven, East Haven, Middletown, Guilford, Madison and Old Saybrook, as well as the Nine Town Transit Services providing transportation locally as well as to New London and Middletown.

Clinton is a balanced community of residential, waterfront, commercial, retail development, industrial/manufacturing and rural areas. Employee opportunities in Clinton are multifaceted with Healthcare, Manufacturing, Education and Retail accounting for 50% of the employment opportunities. Clinton is the home of the Clinton Crossings Premium Factory Outlet Center. With 65 retail spaces and approximately 1,000 full and part time employees, it continues to be one of the major attractions in Town. The Heritage Industrial Park houses a variety of industrial and service industries providing employment opportunities to Clinton residents.

The Clinton Public Schools provide a comprehensive education consisting of a balanced, rigorous curriculum and social emotional learning and support to approximately 1,700 students in grades PK-12. In addition to The Morgan School, which opened in 2016, Clinton high school students have access to area vocational, agricultural and magnet school options within Middlesex, New Haven and New London counties.

The Town's location adjacent to Long Island Sound provides residents with a public beach, two public launch ramps, and 6 marinas that provide approximately two hundred mooring and seven hundred boat slips. The Town beach includes a pavilion and recreation facilities. In addition, the Town maintains a Town Marina with a second smaller public beach facility as well as docking for approximately 56 boats.

The majority of Town government offices are housed in the historic William Stanton Andrews Memorial Town Hall. Because of its character and magnificent setting overlooking Long Island Sound and located on Route 1, this building is utilized by theatrical, musical and cultural groups on an ongoing basis.

A listing of Town offices and further information about the Town may be found on the Town's official web site, www.clintonct.org

Form of government

The Town of Clinton's municipal government operates under a Town Charter. The voters of the Town of Clinton in November 2019, voted to change its Town Charter and form of government from a Board of Selectmen/First Selectman governing body to a Town Council/Town Manager form of Government. This change became effective November 19, 2019 and the Town hired a Town Manager January 6, 2020, for term not to exceed three years.

The Town Council consists of seven members serving four year staggered terms. The Town Manager is appointed by the Town Council and is responsible for supervising and coordinating all matters pertaining to the delivery of Town programs and services. The Town Meeting is the legislative body of the Town.

The voters of the Town at referendum must approve the annual budget, supplemental appropriations and bond authorizations exceeding certain amounts. Refunding bond authorizations are approved solely by the Town Council.

Local economy and major Initiatives

The Town's position as a residential community is illustrated by the fact that approximately 85% of the October 2019 grand list was residential. The Town has several subdivisions in various stages of completion.

The economic base of the Town is diverse. In the current tax period, retail is in the lead with the Clinton Crossing Outlets generating \$1,548,033 in revenues, Connecticut Water Company \$608,494, Eversource (utility) \$343,467, and Jerome Property LLC (previously known as JMH Properties) - a shopping plaza including a grocery store and retail tenants, generates \$334,366 of total tax revenues for the Town. Also within the top ten is Cedar Island Marina, which pays an estimated \$155,763 in property taxes. These top tax payers are examples of the mix in economic enterprises within the Town.

At June 2020, Clinton's unemployment rate increased from a pre-COVID-19 pandemic low of 3% to 9% at June 30, 2020, according to the Connecticut Department of Labor, and is comparable with the area and overall State rates. The Town's Per Capita income was \$41,529 and the Median Family Income was \$65,486 as reported by the State of Connecticut Economic Digest Report and the U.S. Census Bureau.

The Town of Clinton has adopted a Plan of Conservation and Development which outlines various elements to stimulate new economic activity and draw new residents to Town. A new campus style high school, The Morgan School, was completed in August of 2016 on a new site. The sale of the old Morgan School property was completed in October 2020 to a commercial developer for \$2.2 million. The development is named the Indian River Shops at Clinton and was designed with a classic coastal Connecticut look and feel, meant to enhance the character of the community. Phase 1 of this project including demolition of the Old Morgan School and other site work began in October 2020 with construction of an approximately 73,000 square foot retail center including a grocery store and other retail shops scheduled to begin in January 2021, and is expected to be completed in the Fall of 2022. The 37-acre development will also include walking trails and a park area. The property is located off of the I-95 exit 63 interstate, across from Clinton Crossing Outlets.

In July 2019, a developer purchased the former Unilever property which has been vacant for over 10 years. The site has received approvals from the Town of Clinton's Planning and Zoning Commission to construct 47 residential condominium units. Work on this site commenced December 2020. The Unilever property is one of the premier development sites due to its proximity to the new Clinton Train Station and I-95 corridor.

The Clinton Train Station is receiving a \$12.5 million facelift funded by the Connecticut Department of Transportation. Once completed, the expanded train station will have a new platform on the north side of the tracks, an "up-and-over" pedestrian bridge/elevator connecting both sides, a ramp to the new platform, a bike shelter, additional parking and will be fully ADA compliant. It should be completed by January 2021.

Other new developments throughout the Town have included a restaurant and a newly approved commercial/residential/retail development project.

Long-term financial planning

The Town, as part of the annual budget preparation process, updates its five-year capital improvement plan (the "Plan"). The Plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. The 2022-2026 Plan projects a total of approximately \$54.2 million in capital improvement projects.

The Town's long-term financial planning is focused on continued funding of necessary improvements to the Town's overall infrastructure while balancing the impact to the taxpayer and on the general fund balance.

Town policies are in the process of being reviewed, updated and approved by the newly established Town Council based on recommendations by the Town Manager. Any changes to the Town Charter as a result of a Charter Review must be approved by Town Council and public referendum.

Relevant policies and practices

The Town's financial policies have been applied consistently with the prior year and had no notable current year effect on the financial statements. The Town has a policy providing guidelines for budgeting decisions and to insure adequate levels of fund balance are established and maintained to fund operations by providing sufficient working capital and a margin of safety to address local and regional emergencies without borrowing. The Town's current fund balance policy establishes a minimum undesignated/unassigned fund balance of 10% of budgeted expenditures. In accordance with current budgeting practices, the unassigned fund balance may be used on a one-time basis to lower taxes or offset one time capital expenditures.

Whistleblower policy

The Town has a whistle blower policy that establishes the guidelines of reporting any behavior that would not be in the best interest of the Town.

Awards and acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Clinton for its comprehensive annual financial report for the fiscal year ended June 30, 2019. This was the second consecutive year that the Town of Clinton has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The S&P Global Ratings division of Standard and Poors, reaffirmed the AA+ rating for the Town of Clinton on October 1, 2020.

The preparation of the Town's Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Town's Finance Department with support from many departments including the Clinton Public School's business office. I offer my profound appreciation and humble thanks to all for their efforts in the completion of this major accomplishment.

I would also like to thank the Town Manager, Town Council, and Board of Education, for their support and guidance through this process along with their dedicated interest, support and leadership in planning and conducting the independent oversight of the financial operations of the Town in a responsible and progressive manner.

Respectfully Submitted,



Sue Cunningham
Director of Finance
Town of Clinton, CT

Town of Clinton, Connecticut

Principal Officials As of June 30, 2020

Town Council

| | |
|----------------------------|------------------|
| Chris Aniskovich, Chairman | Carol Walter |
| Dennis Donovan | Mark Richards |
| Timothy Guerra | Christine Goupil |
| Eric Bergman | |

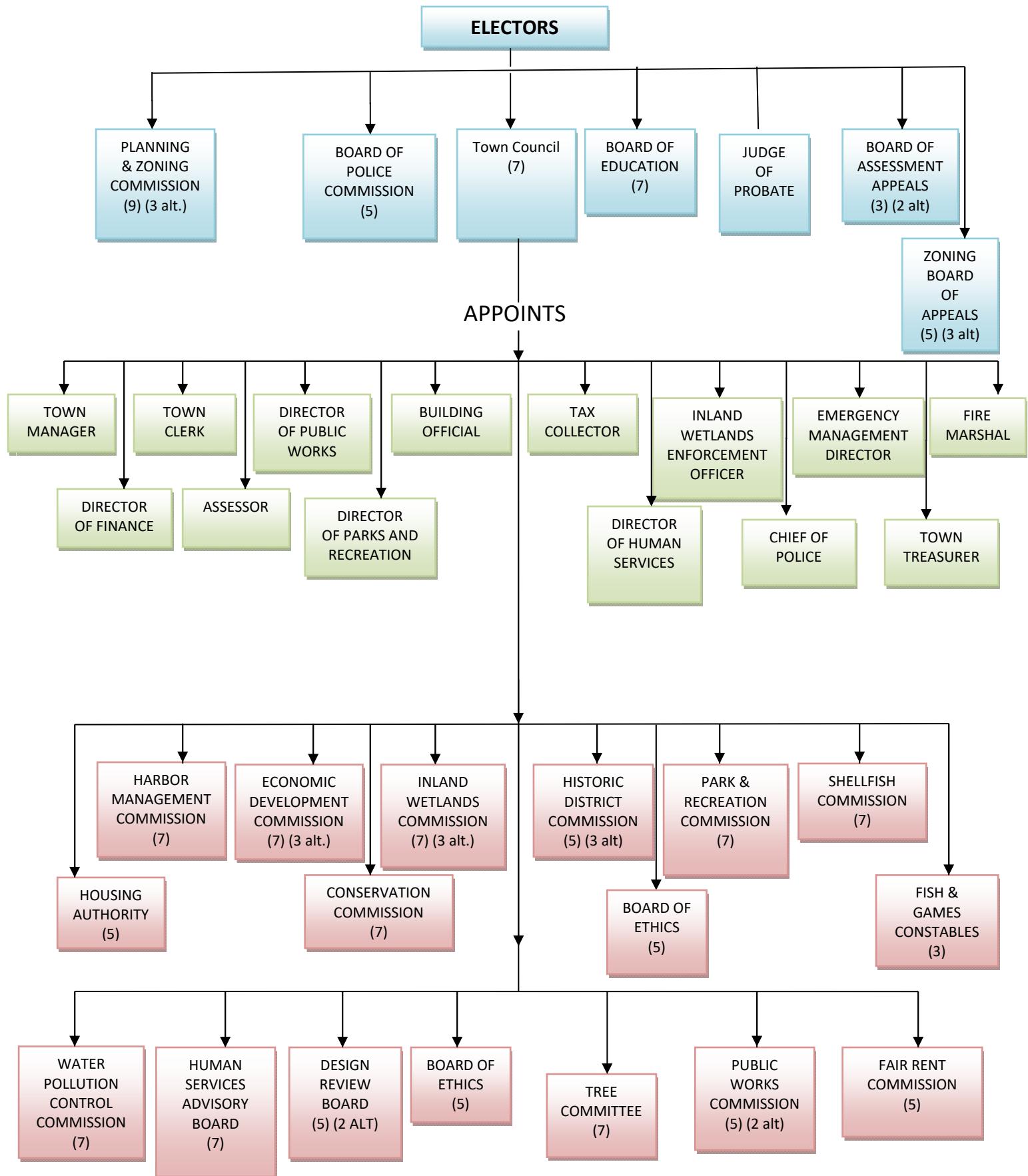
Board Of Education

| | |
|------------------------|--------------------|
| Erica Gelven, Chairman | Catherine Staunton |
| Kimberly Russo | Michael Hornyak |
| Jason Adler | Chris Passante |
| Omar Francis | |

Administration

| | |
|----------------------------|-----------------|
| Town Manager | Karl Kilduff |
| Assessor | Donna Sempey |
| Building Official | Edward Smith |
| Chief of Police | Vincent DeMaio |
| Director of Finance | Sue Cunningham |
| Director of Human Services | David Melillo |
| Director of Public Works | Todd Hajek |
| Director of Recreation | Robert Potter |
| Library Director | Maribeth Breen |
| Tax Collector | Lisa Bibbiani |
| Town Clerk | Sharon Uricchio |
| Treasurer | Todd Pozefsky |
| Zoning Officer | Kathy King |

Town of Clinton, Connecticut Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Clinton
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Monell

Executive Director/CEO

Financial Section

Independent Auditors' Report

**Town Council
Town of Clinton, Connecticut**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Clinton, Connecticut ("Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

**Town Council
Town of Clinton, Connecticut**

Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, supplemental schedules and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

**Town Council
Town of Clinton, Connecticut**

Page 3

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2021, on our consideration of the Town'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'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's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Wethersfield, Connecticut
January 6, 2021



TOWN OF CLINTON, CONNECTICUT

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

As management of the Town of Clinton, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements immediately following this section.

Financial highlights

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

| | |
|--------------------------|--------------|
| Change in net postion | \$ 3,091,817 |
| Total net postion | 45,245,952 |
| Unrestricted net postion | (12,904,415) |

Governmental activities:

- Significant factors for the decrease are as follows:

| | |
|--|-----------|
| ➤ positive operations of the general fund of | 3,392,647 |
| ➤ positive operations of the capital projects fund of | 5,921,453 |
| ➤ positive operations of the other governmental funds of | 104,096 |

Conversion to accrual basis on Exhibit E:

| | |
|--|-------------|
| ➤ capital outlay net of depreciation expense of | (2,322,972) |
| ➤ net principal debt activity of | (2,626,899) |
| ➤ change in pension liability of | (1,398,111) |
| ➤ change in OPEB liability of | 1,197,529 |
| ➤ change in pension related deferred outflows/inflows of | 221,809 |
| ➤ change in OPEB related deferred outflows/inflows of | (1,492,950) |

- The Town's long-term debt increased by \$2,336,502 during the current fiscal year due to \$5,710,000 issuance of debt exceeding scheduled principal payments of \$3,373,498.

Governmental funds:

- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$15,147,135, an increase of \$9,418,196 in comparison with the prior year. The majority of the increase is due to positive operations of the general fund and capital projects fund of \$3,392,647 and \$5,921,453, respectively.
- The general fund has positive operations of \$3,392,574 substantially due to budget savings and revenues greater than budget. The Town ended the year with an unassigned fund balance of \$11,142,223.
- The capital projects fund has positive operations of \$5,921,453 increasing the previously deficit fund balance to \$525,928. This is due to the issuance of debt for projects expended in prior years.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Town of Clinton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. The statement of fiduciary net position is used to present financial information about activities for which the Town acts solely as an agent for the benefit of employees and others

Government-wide financial statements

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

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement are for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

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

Management's Discussion and Analysis

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided in the form of combining statements on Schedules 4 and 5.

Proprietary funds

The Town maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town's Internal Service fund is the only proprietary fund and captures the risk financing activity for heart and hypertension. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financials.

Fiduciary funds

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

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required supplementary information

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

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

Other information

The combining statements referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information.

Government-wide financial analysis

The analysis below focuses on the net position and the changes in net position. Unrestricted net position at year end totaled \$(12,904,415).

Summary Statement of Net Position
June 30

| | 2020 | 2019 <i>(as restated)</i> |
|-------------------------------------|--------------------------|-------------------------------------|
| Current and other assets | \$ 27,165,968 | \$ 20,347,558 |
| Capital assets (net) | <u>118,659,126</u> | <u>121,133,090</u> |
| Total assets | <u>145,825,094</u> | <u>141,480,648</u> |
| Deferred outflows of resources | <u>6,193,714</u> | <u>5,769,591</u> |
| Current liabilities outstanding | 10,244,597 | 11,720,306 |
| Long-term liabilities outstanding | <u>89,045,418</u> | <u>86,621,722</u> |
| Total liabilities | <u>99,290,015</u> | <u>98,342,028</u> |
| Deferred inflows of resources | <u>7,482,841</u> | <u>6,754,076</u> |
| Net position: | | |
| Net investment in capital assets | 57,602,087 | 60,777,536 |
| Restricted | 548,280 | 507,916 |
| Unrestricted | <u>(12,904,415)</u> | <u>(19,131,317)</u> |
| Total net position | <u>\$ 45,245,952</u> | <u>\$ 42,154,135</u> |

By far, the largest portion of the Town's net position reflects its investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net position, 1.2%, represents resources that are subject to external restrictions on how they may be used.

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

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Revenues: | | |
| Program revenues: | | |
| Charges for services | \$ 1,452,762 | \$ 1,506,780 |
| Operating grants and contributions | 14,280,439 | 13,042,629 |
| Capital grants and contributions | 722,886 | 332,985 |
| General revenues: | | |
| Property taxes | 48,335,196 | 47,055,237 |
| Grants and contributions not restricted to specific programs | 331,193 | 517,833 |
| Income from investments | 116,708 | 121,113 |
| Other | - | 155,078 |
| Total revenues | 65,239,184 | 62,731,655 |
| Expenses: | | |
| General government | 8,245,654 | 7,373,042 |
| Public safety | 5,582,342 | 5,418,605 |
| Public works | 3,555,356 | 3,544,931 |
| Planning and development | 377,370 | 391,257 |
| Culture and Recreation | 1,304,400 | 1,212,503 |
| Health and welfare | 789,877 | 694,598 |
| Education | 40,869,332 | 40,616,886 |
| Interest | 1,423,036 | 1,914,960 |
| Total expenses | 62,147,367 | 61,166,782 |
| Change in net position | 3,091,817 | 1,564,873 |
| Net position - July 1 (as restated) | 42,154,135 | 46,522,816 |
| Restatements | - | (5,933,554) |
| Net position - June 30 | \$ 45,245,952 | \$ 42,154,135 |

The Town's net position increased by \$3,091,817. The major factors for the increase are as follows:

Revenues

- Operating grants and contributions increased by \$1,237,810 primarily due to \$916,539 received in 2020 from FEMA for Storm Sandy.
- Capital grants and contributions increased by \$389,901 primarily due to grants for bridge projects and school construction.
- Property taxes increased by \$1,279,959 due to the increase in the budget and the amount funded with property taxes.

Expenses

- The increase of \$872,612 in general government expense is primarily due to an increase in health and life insurance and pension expense of \$226,164 and \$384,957 respectively.
- The increase of \$252,446 in education expense is primarily due to an increase in the education operating budget.
- The decrease of \$491,924 in interest expense is primarily due to the amortization of bond premium relating to the 2019 refunding bond.

Financial analysis of the Town's funds

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

Governmental funds

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

As of the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$15,147,135, an increase of \$9,418,196 in comparison with the prior year.

Certain components of fund balance were as follows:

| | |
|---------------------------|------------|
| Nonspendable for prepaids | \$ 120,789 |
| Restricted | 548,280 |
| Committed | 1,906,452 |
| Assigned | 1,429,391 |
| Unassigned | 11,142,223 |

General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, the total fund balance of the general fund was \$13,355,221. Of this balance, \$120,789 was nonspendable, \$1,017,209 was committed and \$1,075,000 was assigned. The unassigned fund balance represents 20.57% of actual budgetary expenditures and transfers out.

During the current fiscal year, the fund balance of the Town's general fund increased by \$3,392,647. The increase was substantially attributable to revenues and other financing sources higher than the budget by \$1,848,554 and the expenditures budget was underspent by \$1,197,849. See General Fund budgetary highlights section for a more detailed discussion.

Capital Projects Fund. The fund accounts for financial resources to be used for various construction projects. During the year, the fund had expenditures of \$2,232,650. Funding sources primarily include state and federal grants for road and bridge projects and other Town projects of \$722,886 and issuance of debt of \$5,710,000. This net activity increased the deficit fund balance of \$(5,395,525) in the prior year to a positive fund balance of \$525,928. This is a result of the timing of the financing as compared to expenditures for various project.

Internal Service Fund. The internal service fund is used to account for heart and hypertension claims. The internal service fund had a decrease in net position of \$555. This was due to paid claims and a decrease in the heart and hypertension liability. The internal service fund has an unrestricted net position deficit of \$(83,928) at year end.

General Fund budgetary highlights

Significant budget transfers made during the year include:

- \$248,750 increase to transfers to the capital projects fund. This was funded by an additional appropriation of fund balance. This transfer is for the Indian Recovery Work near the Morgan School Bridge to fund the local portion of the Natural Resources Conservation Service grant.
- \$667,209 was transferred from education to transfers to the BOE nonlapsing fund. These are unspent education funds relating to the COVID-19 pandemic. The BOE nonlapsing fund is to be spent on education related capital projects and unanticipated special education expenditures.

Significant departments that were underspent/overspent during the year were as follows:

- General government was underspent by \$418,355 primarily due to:
 - Underspent worker's compensation of \$50,502 – The budget reflects anticipated rate increases, however, rates were not increased from the prior year, in lieu of distributing a member equity refund to the Town.
 - Underspent other of \$124,759 – The variance is primarily due to an unused budgeted contingency of \$117,558.
- Public works was underspent by \$125,227 primarily due to the mild winter and COVID-19 related shutdowns. Overtime for snow/ice removal and snow plowing/sanding budgets were underspent due to the mild winter. Repairs and maintenance were underspent due to the mild winter and COVID-19 shutdowns creating a slowdown in Town-wide services.
- Education was underspent by \$474,349 due to school closures relating to the COVID-19 pandemic. These include lower transportation and utilities costs.

Capital assets and debt administration

Capital assets

The Town's investment in capital assets amounts to \$118,659,126 (net of accumulated depreciation). This investment in capital assets is as follows:

Capital Assets (Net)
June 30

| | 2020 | 2019 <i>(as restated)</i> |
|----------------------------|---------------------------|-------------------------------------|
| Land | \$ 6,068,110 | \$ 6,068,110 |
| Construction in progress | 1,242,127 | 1,077,629 |
| Land improvements | 2,834,620 | 2,699,796 |
| Buildings and improvements | 79,982,507 | 81,739,552 |
| Machinery and equipment | 4,791,622 | 5,087,044 |
| Infrastructure | <u>23,740,140</u> | <u>24,460,959</u> |
| Total | <u>\$ 118,659,126</u> | <u>\$ 121,133,090</u> |

The capital assets (net of depreciation) decreased in the current year by \$2,473,964. The decrease is due to depreciation expense exceeding capital additions. In the current year, the Town had capital asset additions totaling \$2,045,096. Major capital asset additions consisted of the following:

➤ Construction in progress:

- Eliot hot water pipe project \$ 141,488
- Pleasant Valley Bridge engineering 82,260
- Morgan Bridge 142,973

➤ Land improvements:

- Peter's Complex - concession 416,306
- Peter's Complex - bleachers 62,346

➤ Machinery and equipment:

- Dump truck 185,538
- School computers 94,053

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

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$56,128,280. All debt is backed by the full faith and credit of the Town.

Long-Term Debt **June 30**

| | 2020 | 2019 |
|--------------------------|----------------------|----------------------|
| General obligation bonds | \$ 55,520,000 | \$ 52,925,000 |
| Notes payable | 608,280 | 866,778 |
| Total | \$ 56,128,280 | \$ 53,791,778 |

During the current fiscal year, the Town's total debt increased by \$2,336,502 due to \$5,710,000 issuance of debt exceeding scheduled principal payments of \$3,373,498.

The Town maintains a "AA+" credit rating from Standard and Poor's Investor Service.

State Statutes limit the amount of general obligation debt a governmental entity may issue to seven times total prior year tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$328,460,342, which is significantly in excess of the Town's outstanding general obligation debt.

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

Economic factors and next year's budgets and rates

As of June 2020, the unemployment rate for the Town was at 9.0%, which is lower than the State average unemployment rate of 10.1% and national unemployment rate of 11.1%.

The potential impact of the pandemic on the local economy, businesses and Town revenues is being closely monitored. The July 2020 collections were in line with the prior year. Any impact on the property tax revenues is expected to occur with the January 2021 semi-annual payment, if at all. The State of Connecticut through the Governor's executive order, required local governments to offer taxpayers/rate payers one or both of the following programs: interest rate reduction program and/or the payment deferral program through October 1, 2020. The Town implemented the interest rate reduction program. For the collection period ended July 31, 2020, collections were in line with the prior year.

Requests for information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Clinton, Finance Department, 54 Main Street, Clinton, Connecticut 06413.

**Basic
Financial
Statements**

Town of Clinton, Connecticut

**Statement of Net Position
Governmental Activities
June 30, 2020**

Assets

Current assets:

| | |
|----------------------|-------------------|
| Cash | \$ 4,604,332 |
| Investments | 18,775,563 |
| Receivables (net): | |
| Property taxes | 358,399 |
| Intergovernmental | 430,694 |
| Loans | 5,100 |
| Other | 155,561 |
| Prepays | 120,789 |
| Other | <u>69,560</u> |
| Total current assets | <u>24,519,998</u> |

Noncurrent assets:

| | |
|-------------------------|----------------|
| Restricted assets: | |
| Temporarily restricted: | |
| Cash | 81,378 |
| Investments | <u>393,228</u> |
| Total restricted assets | <u>474,606</u> |

Receivables (net):

| | |
|-------------------------|------------------|
| Property taxes | 627,501 |
| Loans | 244,863 |
| Intergovernmental | <u>1,299,000</u> |
| Total receivables (net) | <u>2,171,364</u> |

Capital assets (net of accumulated depreciation):

| | |
|----------------------------|-------------------|
| Land | 6,068,110 |
| Construction in progress | 1,242,127 |
| Land improvements | 2,834,620 |
| Buildings and improvements | 79,982,507 |
| Machinery and equipment | 4,791,622 |
| Infrastructure | <u>23,740,140</u> |

Total capital assets (net of accumulated depreciation)

| | |
|-------------------------|--------------------|
| Total noncurrent assets | <u>121,305,096</u> |
|-------------------------|--------------------|

Total assets

| | |
|--------------|--------------------|
| Total assets | <u>145,825,094</u> |
|--------------|--------------------|

Deferred Outflows of Resources

| | |
|--------------------------------------|------------------|
| Deferred charge on refunding | 261,462 |
| Pension related | 4,388,461 |
| OPEB related | <u>1,543,791</u> |
| Total deferred outflows of resources | <u>6,193,714</u> |

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

(Continued)

Town of Clinton, Connecticut

**Statement of Net Position
Governmental Activities
June 30, 2020**

Liabilities

Liabilities:

Current liabilities:

| | |
|---|--------------|
| Accounts payable | \$ 1,223,380 |
| Retainage payable | 54,863 |
| Accrued payroll and related liabilities | 303,999 |
| Unearned revenue | 407,391 |
| Bond anticipation notes | 3,150,000 |
| Other | 24,860 |
| Accrued interest payable | 763,953 |
| Bonds and notes payable | 3,387,894 |
| Capital lease payable | 27,819 |
| Compensated absences | 799,975 |
| Heart and hypertension | 2,463 |
| Landfill closure | 98,000 |

Total current liabilities

10,244,597

Noncurrent liabilities:

| | |
|--------------------------------------|------------|
| Performance bonds | 474,606 |
| Bonds, notes and related liabilities | 54,752,788 |
| Compensated absences | 1,284,013 |
| Net pension liability | 16,160,388 |
| Net OPEB liability | 9,515,223 |
| Heart and hypertension | 82,675 |
| Landfill closure and post closure | 6,775,725 |

Total noncurrent liabilities

89,045,418

Total liabilities

99,290,015

Deferred Inflows of Resources

| | |
|----------------------------------|-----------|
| Advance property tax collections | 4,098,724 |
| Pension related | 1,327,936 |
| OPEB related | 2,056,181 |

Total deferred inflows of resources

7,482,841

Net Position

| | |
|----------------------------------|--------------|
| Net investment in capital assets | 57,602,087 |
| Restricted for: | |
| Historical preservation | 11,752 |
| Public safety programs | 20,319 |
| Community development programs | 282,031 |
| Education | 113,614 |
| Food service programs | 120,564 |
| Unrestricted | (12,904,415) |

Total net position

\$ 45,245,952

(Concluded)

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

Town of Clinton, Connecticut

Statement of Activities
Governmental Activities
For The Year Ended June 30, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position |
|--|----------------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| General government | \$ 8,245,654 | \$ 820,125 | \$ 161,287 | \$ - | \$ (7,264,242) |
| Public safety | 5,582,342 | 101,362 | 74,723 | - | (5,406,257) |
| Public works | 3,555,356 | 61,258 | 1,425,332 | 722,886 | (1,345,880) |
| Planning and development | 377,370 | 6,680 | - | - | (370,690) |
| Culture and recreation | 1,304,400 | 272,868 | 68,546 | - | (962,986) |
| Health and welfare | 789,877 | 23,254 | 254,701 | - | (511,922) |
| Education | 40,869,332 | 167,215 | 12,295,850 | - | (28,406,267) |
| Interest | 1,423,036 | - | - | - | (1,423,036) |
| Total | \$ 62,147,367 | \$ 1,452,762 | \$ 14,280,439 | \$ 722,886 | \$ (45,691,280) |
| General revenues: | | | | | |
| Property taxes | | | | | 48,335,196 |
| Grants and contributions not restricted to specific programs | | | | | 331,193 |
| Income from investments | | | | | 116,708 |
| | | | | | |
| Total general revenues | | | | | 48,783,097 |
| Change in net position | | | | | 3,091,817 |
| Net position - July 1, 2019 (as restated) | | | | | 42,154,135 |
| Net position - June 30, 2020 | | | | | \$ 45,245,952 |

Town of Clinton, Connecticut

Balance Sheet
Governmental Funds
June 30, 2020

| | <u>General</u> | <u>Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|-------------------------|---------------------------------|---------------------------------|
| Assets | | | | |
| Cash | \$ 783,164 | \$2,243,557 | \$ 1,576,401 | \$ 4,603,122 |
| Restricted cash | 81,378 | - | - | 81,378 |
| Investments | 18,744,912 | - | 30,651 | 18,775,563 |
| Restricted investments | 393,228 | - | - | 393,228 |
| Receivables (net): | | | | |
| Property taxes | 985,900 | - | - | 985,900 |
| Intergovernmental | 112,794 | 266,881 | 51,019 | 430,694 |
| Loans | - | - | 255,063 | 255,063 |
| Other | 145,806 | - | 9,755 | 155,561 |
| Due from other funds | 396,951 | 1,546,538 | 95,751 | 2,039,240 |
| Prepays | 120,789 | - | - | 120,789 |
| Other | - | 50,000 | 19,560 | 69,560 |
| Total assets | \$21,764,922 | \$4,106,976 | \$ 2,038,200 | \$ 27,910,098 |
| Liabilities | | | | |
| Accounts payable | \$ 923,296 | \$ 326,185 | \$ 32,593 | \$ 1,282,074 |
| Retainage payable | - | 54,863 | - | 54,863 |
| Accrued payroll and related liabilities | 291,793 | - | 12,206 | 303,999 |
| Due to other funds | 1,610,522 | - | 370,024 | 1,980,546 |
| Unearned revenue | - | 50,000 | 357,391 | 407,391 |
| Bond anticipation notes | - | 3,150,000 | - | 3,150,000 |
| Performance bonds | 474,606 | - | - | 474,606 |
| Other | 24,860 | - | - | 24,860 |
| Total liabilities | 3,325,077 | 3,581,048 | 772,214 | 7,678,339 |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue: | | | | |
| Property taxes | 985,900 | - | - | 985,900 |
| Advance property tax collections | 4,098,724 | - | - | 4,098,724 |
| Total deferred inflows of resources | 5,084,624 | - | - | 5,084,624 |
| Fund Balances | | | | |
| Nonspendable | 120,789 | - | - | 120,789 |
| Restricted | - | - | 548,280 | 548,280 |
| Committed | 1,017,209 | 525,928 | 363,315 | 1,906,452 |
| Assigned | 1,075,000 | - | 354,391 | 1,429,391 |
| Unassigned | 11,142,223 | - | - | 11,142,223 |
| Total fund balances | 13,355,221 | 525,928 | 1,265,986 | 15,147,135 |
| Total liabilities, deferred inflows of resources and fund balances | \$21,764,922 | \$4,106,976 | \$ 2,038,200 | \$ 27,910,098 |

(Continued)

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

Town of Clinton, Connecticut
Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2020

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

Total fund balance (Exhibit C, Page 1) \$ 15,147,135

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

| | |
|--|-------------|
| Beginning capital assets | 121,133,090 |
| Current year additions (net of construction in progress) | 1,562,615 |
| Donated capital assets | 60,000 |
| Depreciation expense | (3,885,587) |
| Disposal of assets | (210,992) |

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

| | |
|---------------------------------------|-----------|
| Allowance for doubtful accounts | (5,100) |
| Deferred charge on refunding | 261,462 |
| Deferred outflows related to pensions | 4,388,461 |
| Deferred outflows related to OPEB | 1,543,791 |

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

| | |
|---|-----------|
| Property tax receivable - accrual basis change | 985,900 |
| Intergovernmental receivable - accrual basis change | 1,299,000 |

Internal service funds are used by management to account for heart and hypertension claims

| | |
|--|----------|
| The assets and liabilities of the internal service funds are included in the statement of net position | (83,928) |
|--|----------|

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

| | |
|---|--------------------|
| Bonds, notes and related liabilities | (58,140,682) |
| Capital leases | (27,819) |
| Compensated absences | (2,083,988) |
| Landfill closure and post closure liability | (6,873,725) |
| Net pension liability | (16,160,388) |
| Net OPEB liability | (9,515,223) |
| Accrued interest payable | (763,953) |
| Deferred inflows related to pensions | (1,327,936) |
| Deferred inflows related to OPEB | <u>(2,056,181)</u> |

Net position (Exhibit A) \$ 45,245,952

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

(Concluded)

Town of Clinton, Connecticut

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

| | General | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Property taxes | \$ 48,222,539 | \$ - | \$ - | \$ 48,222,539 |
| Intergovernmental | 12,953,145 | 722,886 | 1,616,257 | 15,292,288 |
| Charges for services | 1,107,403 | - | 345,359 | 1,452,762 |
| Income from investments | 116,689 | - | 19 | 116,708 |
| Contributions | - | - | 55,773 | 55,773 |
| Total revenues | 62,399,776 | 722,886 | 2,017,408 | 65,140,070 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,119,608 | 165,233 | 117,584 | 7,402,425 |
| Public safety | 4,451,840 | - | 3,602 | 4,455,442 |
| Public works | 1,765,138 | - | - | 1,765,138 |
| Planning and development | 377,370 | - | - | 377,370 |
| Culture and recreation | 1,013,813 | - | 136,736 | 1,150,549 |
| Health and welfare | 459,961 | - | 269,464 | 729,425 |
| Education | 37,320,247 | - | 1,385,926 | 38,706,173 |
| Debt service | 5,101,417 | 152,276 | - | 5,253,693 |
| Capital outlay | - | 1,915,141 | - | 1,915,141 |
| Total expenditures | 57,609,394 | 2,232,650 | 1,913,312 | 61,755,356 |
| Excess (deficiency) of revenues over expenditures | 4,790,382 | (1,509,764) | 104,096 | 3,384,714 |
| Other financing sources (uses): | | | | |
| Issuance of debt | - | 5,710,000 | - | 5,710,000 |
| Premium | - | 318,216 | - | 318,216 |
| Sale of capital assets | 5,266 | - | - | 5,266 |
| Transfers in | - | 1,403,001 | - | 1,403,001 |
| Transfers out | (1,403,001) | - | - | (1,403,001) |
| Net other financing sources (uses) | (1,397,735) | 7,431,217 | - | 6,033,482 |
| Net change in fund balances | 3,392,647 | 5,921,453 | 104,096 | 9,418,196 |
| Fund balances - July 1, 2019 (as restated) | 9,962,574 | (5,395,525) | 1,161,890 | 5,728,939 |
| Fund balances - June 30, 2020 | \$ 13,355,221 | \$ 525,928 | \$ 1,265,986 | \$ 15,147,135 |

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

Town of Clinton, Connecticut

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

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

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds (Exhibit D) | <u>\$ 9,418,196</u> |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | |
| Capital outlay | 1,562,615 |
| Depreciation expense | <u>(3,885,587)</u> |
| Total | <u>(2,322,972)</u> |

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

| | |
|--|------------------|
| Donated capital assets | 60,000 |
| Disposal of capital assets | <u>(210,992)</u> |
| Total | <u>(150,992)</u> |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: | |
| Change in property tax receivable - accrual basis change | 112,657 |
| Change in allowance for doubtful accounts | <u>(5,100)</u> |
| Change in intergovernmental receivable - accrual basis change | <u>(68,443)</u> |
| Total | <u>39,114</u> |

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

| | |
|------------------------------------|--------------------|
| Debt issued or incurred: | |
| General obligation bonds and notes | (5,710,000) |
| Premium | <u>(318,216)</u> |
| Principal repayments: | |
| General obligation bonds and notes | 3,373,498 |
| Capital lease | <u>27,819</u> |
| Total | <u>(2,626,899)</u> |

(Continued)

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

Town of Clinton, Connecticut

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

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

| | |
|--|---------------------|
| Amortization of premium | \$ 538,543 |
| Change in: | |
| Compensated absences | (129,755) |
| Net pension liability | (1,398,111) |
| Net OPEB liability | 1,197,529 |
| Accrued interest payable | (52,849) |
| Retainage payable | 68,130 |
| Landfill | (160,067) |
| Amortization of deferred charges | (56,354) |
| Amortization of deferred outflows related to pension | 296,828 |
| Amortization of deferred inflows related to pension | (75,019) |
| Amortization of deferred outflows related to OPEB | 183,649 |
| Amortization of deferred inflows related to OPEB | <u>(1,676,599)</u> |
| Total | <u>(1,264,075)</u> |
| Internal Service Funds are used by management to account for heart and hypertension claims | <u>(555)</u> |
| Change in net position (Exhibit B) | <u>\$ 3,091,817</u> |

(Concluded)

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

Town of Clinton, Connecticut

Statement of Net Position
Proprietary Funds
June 30, 2020

| | Internal Service Funds |
|----------------------------|------------------------------|
| <u>Assets</u> | |
| Current asset: | |
| Cash | <u>\$ 1,210</u> |
| <u>Liabilities</u> | |
| Current liability: | |
| Claims payable | 2,463 |
| Noncurrent liability: | |
| Claims payable | <u>82,675</u> |
| Total liabilities | <u>85,138</u> |
| <u>Net Position</u> | |
| Unrestricted | <u>\$ (83,928)</u> |

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

Town of Clinton, Connecticut**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For The Year Ended June 30, 2020**

| | <u>Internal Service Funds</u> |
|---|---------------------------------------|
| Operating expenses: | |
| Claims | <u>\$ 555</u> |
| Change in net position | <u>(555)</u> |
| Total net position - July 1, 2019 (as restated) | <u>(83,373)</u> |
| Total net position - June 30, 2020 | <u><u>\$ (83,928)</u></u> |

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

Town of Clinton, Connecticut

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2020

| | <u>Internal Service Funds</u> |
|--|---------------------------------------|
| Cash flows from (used in) operating activities: | |
| Cash paid for benefits and claims | \$ (2,946) |
| Cash - July 1, 2019 | <u>4,156</u> |
| Cash - June 30, 2020 | <u><u>\$ 1,210</u></u> |
| Reconciliation of operating income (loss) to net cash from (used in) operating activities: | |
| Operating income (loss) | \$ (555) |
| Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities: | |
| Increase (decrease) in: | |
| Claims payable | <u>(2,391)</u> |
| Net cash from (used in) operating activities | <u><u>\$ (2,946)</u></u> |

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

Town of Clinton, Connecticut

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

| | Pension and OPEB Trust Funds | Private- Purpose Trust Fund | Agency Funds |
|----------------------------------|------------------------------------|--------------------------------------|-----------------|
| <u>Assets</u> | | | |
| Cash | \$ 402,868 | \$ 450 | \$ 487,608 |
| Investments: | | | |
| Mutual funds: | | | |
| Equity | 1,439,992 | - | - |
| Fixed income | 5,282,960 | - | - |
| Certificates of deposit | - | - | 6,678 |
| Bank money market | 695,304 | 21,406 | 2,914 |
| U.S. government obligations | 766,525 | - | - |
| Common stock | 10,942,728 | - | 296,111 |
| Corporate bonds | 608,107 | - | - |
| Total investments | <u>19,735,616</u> | <u>21,406</u> | <u>305,703</u> |
| Total assets | <u>20,138,484</u> | <u>21,856</u> | <u>793,311</u> |
| <u>Liabilities</u> | | | |
| Due to other funds | - | - | 58,694 |
| Payable to student organizations | - | - | 734,617 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>793,311</u> |
| <u>Net Position</u> | | | |
| Restricted for: | | | |
| Pension benefits | 20,030,751 | - | - |
| OPEB benefits | 107,733 | - | - |
| Individuals and events | - | <u>21,856</u> | - |
| Total net position | <u>\$ 20,138,484</u> | <u>\$ 21,856</u> | <u>\$ -</u> |

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

Town of Clinton, Connecticut

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

| | Pension and OPEB Trust Funds | Private- Purpose Trust Fund |
|---|------------------------------------|--------------------------------------|
| Additions: | | |
| Contributions: | | |
| Employer | \$ 1,922,440 | \$ - |
| Plan members | <u>135,337</u> | <u>-</u> |
| Total contributions | <u>2,057,777</u> | <u>-</u> |
| Investment income (loss): | | |
| Net change in fair value of investments | 133,899 | - |
| Interest and dividends | <u>543,621</u> | <u>19</u> |
| Total investment income (loss) | 677,520 | 19 |
| Less investment expenses | <u>144,712</u> | <u>-</u> |
| Net investment income (loss) | <u>532,808</u> | <u>19</u> |
| Total additions | <u>2,590,585</u> | <u>19</u> |
| Deductions: | | |
| Benefits | 2,870,050 | - |
| Administration | <u>10,161</u> | <u>-</u> |
| Total deductions | <u>2,880,211</u> | <u>-</u> |
| Changes in net position | (289,626) | 19 |
| Net position - July 1, 2019 (as restated) | <u>20,428,110</u> | <u>21,837</u> |
| Net position - June 30, 2020 | <u>\$ 20,138,484</u> | <u>\$ 21,856</u> |

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

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

The Town of Clinton, Connecticut (“Town”) operates under a Town Manager-Council form of government established by a charter adopted in November 2019. The Town offers a full range of services authorized by the charter, including general government, public safety, public works, planning and development, culture and recreation, health and welfare and education to its residents.

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

I. Summary of significant accounting policies**A. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. *Governmental activities* are normally supported by taxes and intergovernmental revenues.

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

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

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

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

Town of Clinton, Connecticut

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers reimbursement grants to be available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pension and OPEB benefits, certain other employee benefits, and certain other long-term liabilities are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds.

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

The Town reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for and report resources and expenditures that are restricted, committed or assigned for the acquisition and construction of capital facilities, including those that are financed through special assessments.

Additionally, the Town reports the following fund types:

Special Revenue Funds are used to account for and report the proceeds of specific revenue resources that are restricted, committed or assigned to expenditures for specified purposes other than debt.

The *Internal Service Fund* accounts for risk financing activities for heart and hypertension as allowed by GASB Statement No. 10.

The *Pension Trust Fund* accounts for the activities of the Police, Board of Education Noncertified and Volunteer Firefighters Retirement Plans, which accumulates resources for pension benefit payments to qualified employees.

The *OPEB Trust Fund* accounts for the activities of the OPEB Plan, which accumulates resources for OPEB benefits.

The *Private-Purpose Trust Fund* accounts for the receipt of private donations to be used for student awards.

Agency Funds account for monies held on behalf of student groups and scholarships.

Town of Clinton, Connecticut

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. The principal operating revenues of the Town's internal service fund are charges to other funds for heart and hypertension claims.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town pension plans and OPEB, the Connecticut Municipal Employees Retirement Systems ("MERS") and the Connecticut State Teachers' Retirement System ("TRS"), and the Connecticut State Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension and OPEB plans, MERS, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

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

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

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

b. Investments

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

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

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

The Education Noncertified pension plan has adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash guidelines.

The investment guidelines are as follows:

Target Allocation

| | |
|----------------------------|--------|
| Equities | 50-75% |
| Fixed income | 20-50% |
| Cash | 0-20% |
| Real estate or alternative | 0-10% |

c. Method used to value investments

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

Fair value of investments

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

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Quoted prices for identical investments in markets that are not active; and
- Level 3: Unobservable inputs.

d. Risk policies

Interest rate risk – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

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

Concentration of credit risk – Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk.

Foreign currency risk – Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to foreign currency risk.

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

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

b. Property taxes and other receivables

In the fund financial and government-wide financial statements, all trade and property tax receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2% to 40% of outstanding receivable balances and are calculated based upon prior collections.

In the fund financial statements, property tax revenues are recognized when they become available. Only taxes collected during the fiscal year are recorded as revenue.

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

3. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Town of Clinton, Connecticut

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

C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**4. Restricted assets**

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

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

| Assets | Years | Capitalization Threshold |
|----------------------------|-------|--------------------------|
| Land improvements | 5-10 | \$ 5,000 |
| Buildings and improvements | 10-50 | 5,000 |
| Machinery and equipment | 5-25 | 5,000 |
| Infrastructure | 20-70 | 5,000 |

6. Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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

Town of Clinton, Connecticut

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

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

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

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

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

7. Compensated absences

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

8. Long-term obligations

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

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

9. Net position and fund balances

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

Net Investment in Capital Assets

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted Net Position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted Net Position

This category presents the net position of the Town which is not restricted.

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

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

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

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action at the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through resolutions approved by the Town Council.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's fund balance policy, the Town Council has by resolution authorized the Finance Director to assign fund balance. Intent is also expressed by a properly approved purchase order (encumbrance).

Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

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

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

The Town Council has adopted a minimum fund balance policy for the General Fund. The policy establishes the intent to maintain a level of unassigned fund balance of an amount no less than 10% of the Town's general fund budget.

10. Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred outflows and inflows of resources including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses. Any such differences are not expected to be material for the year ended June 30, 2020.

11. Reclassifications

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

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

The Town has a legally adopted annual budget for the General Fund. The legal level of control is the department level.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

B. Donor-restricted endowments

The Town has received certain endowments for student awards. The amounts are reflected in fiduciary net position as restricted for individuals. Investment income is approved for disbursement by the Trustee. At year end, there was no appreciation available for appropriation.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

Town of Clinton, Connecticut

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

II. Stewardship, compliance and accountability (continued)

C. Capital projects authorizations

The following is a summary of certain capital projects:

| Project | Project Authorization | Cumulative Expenditures | Balance |
|---------------------------|-----------------------|-------------------------|----------------------|
| Underground Water Tanks | \$ 1,200,000 | \$ - | \$ 1,200,000 |
| Carter Hill Road Bridge | 2,230,570 | - | 2,230,570 |
| Kelseytown Road Bridge | 2,899,460 | - | 2,899,460 |
| 2018 Flash Flood Recovery | 750,000 | 716,421 | 33,579 |
| Eliot Water Pipe | 556,200 | 148,935 | 407,265 |
| Pleasant Valley Road | 1,591,624 | 112,038 | 1,479,586 |
| Small Bridge Repairs | 892,815 | 230,438 | 662,377 |
| Morgan Sidewalks | 1,113,620 | 1,073,787 | 39,833 |
| Joel School Roof Phase I | 2,847,499 | 484,958 | 2,362,541 |
| Eliot Roof Phase IV | 1,114,252 | 368,298 | 745,954 |
| Totals | \$ 15,196,040 | \$ 3,134,875 | \$ 12,061,165 |

III. Detailed notes

A. Cash and investments

1. Deposits – custodial credit risk

At year end, the Town's bank balance was \$23,267,524 and was exposed to custodial credit risk as follows:

| | |
|---|-----------------------------|
| Uninsured and uncollateralized | \$ 15,934,331 |
| Uninsured and collateral held by the pledging bank's trust department, not in the Town's name | <u>5,806,880</u> |
| Total amount subject to custodial credit risk | <u>\$ 21,741,211</u> |

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

Town of Clinton, Connecticut

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

A. Cash and investments (continued)

2. Investments

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

| Type of Investment | Fair Value | Investment Maturities (In Years) | | | |
|-----------------------------|---------------------|----------------------------------|---------------------|--------------------|-------------------|
| | | N/A | Less Than 1 | 1-5 Years | 5-10 Years |
| Mutual funds | | | | | |
| Equity | \$ 1,439,992 | \$ 1,439,992 | \$ - | \$ - | \$ - |
| Fixed income funds | 5,282,960 | - | - | 5,223,474 | 59,486 |
| Pooled fixed income | 3,222,584 | - | 3,222,584 | - | - |
| Certificates of deposit | 17,010 | - | 17,010 | - | - |
| Bank money markets | 16,655,499 | - | 16,655,499 | - | - |
| U.S. government obligations | 766,525 | - | - | 766,525 | - |
| Common stock | 11,238,839 | 11,238,839 | - | - | - |
| Corporate bonds | 608,107 | - | - | - | 608,107 |
| Total | <u>\$39,231,516</u> | <u>\$12,678,831</u> | <u>\$19,895,093</u> | <u>\$5,989,999</u> | <u>\$ 667,593</u> |

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

| | Amount | Quoted Market Prices in Active Markets | Significant Observable Inputs | |
|---------------------------------------|---------------------|--|-------------------------------|--|
| | | Level 1 | Level 2 | |
| Investments by fair value level | | | | |
| Mutual funds | | | | |
| Equity | \$ 1,439,992 | \$ 1,439,992 | \$ - | |
| Fixed income funds | 5,282,960 | 5,282,960 | - | |
| U.S. government obligations | 766,525 | 766,525 | - | |
| Common stock | 11,238,839 | 11,238,839 | - | |
| Corporate bonds | 608,107 | - | 608,107 | |
| Total investments by fair value level | <u>\$19,336,423</u> | <u>\$ 18,728,316</u> | <u>\$ 608,107</u> | |
| Other investments | | | | |
| Pooled fixed income | 3,222,584 | | | |
| Certificates of deposit | 17,010 | | | |
| Bank money markets | 16,655,499 | | | |
| Total other investments | <u>19,895,093</u> | | | |
| Total investments | <u>\$39,231,516</u> | | | |

Town of Clinton, Connecticut

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

A. Cash and investments (continued)

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted prices for identical securities in markets that are not active. The fair value was determined based on quoted prices in less active, dealer or broker markets. Fair values are primarily obtained from third party pricing services for identical or comparable assets.

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

| Type of Investment | Ratings | | | | | Total |
|---------------------|---------------------|-------------------|------------------|---------------------|-------------------|---------------------|
| | AAA | AA | BBB | BB | B | |
| Mutual funds | | | | | | |
| Fixed income funds | \$ 92,141 | \$ 279,002 | \$ 21,727 | \$ 4,749,108 | \$ 140,982 | \$ 5,282,960 |
| Pooled fixed income | 3,222,584 | - | - | - | - | 3,222,584 |
| Corporate bonds | - | 608,107 | - | - | - | 608,107 |
| Total | <u>\$ 3,314,725</u> | <u>\$ 887,109</u> | <u>\$ 21,727</u> | <u>\$ 4,749,108</u> | <u>\$ 140,982</u> | <u>\$ 9,113,651</u> |

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

The following Town investments are held by the counterparty's trust department or agent but not in the Town's name and, therefore, are subject to custodial credit risk.

| | Total | Less Insured Amounts | Amount Subject to Custodial Credit Risk |
|-----------------------------|----------------------|----------------------------|---|
| U.S. government obligations | \$ 766,525 | \$ 1,079 | \$ 765,446 |
| Common stock | 11,238,839 | 796,111 | 10,442,728 |
| Corporate bonds | <u>608,107</u> | <u>500,000</u> | <u>108,107</u> |
| Total | <u>\$ 12,613,471</u> | <u>\$ 1,297,190</u> | <u>\$ 11,316,281</u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**B. Receivables**

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

| | Property Taxes | | | |
|-----------------------------------|--------------------------|---------------------------|--------------------------|--------------------------|
| | Taxes | Interest and Lien Fees | Total | CDBG Loans |
| Current portion | <u>\$ 301,770</u> | <u>\$ 56,629</u> | <u>\$ 358,399</u> | <u>\$ 5,100</u> |
| Long-term portion | <u>\$ 700,122</u> | <u>\$ 202,379</u> | <u>\$ 902,501</u> | <u>\$ 249,963</u> |
| Less allowance for uncollectibles | <u>(175,000)</u> | <u>(100,000)</u> | <u>(275,000)</u> | <u>(5,100)</u> |
| Net long-term portion | <u><u>\$ 525,122</u></u> | <u><u>\$ 102,379</u></u> | <u><u>\$ 627,501</u></u> | <u><u>\$ 244,863</u></u> |

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

A summary of interfund balances is as follows:

| | Corresponding Fund | Due From | Due To |
|--------------------------------|-----------------------|----------------------------|----------------------------|
| General fund | | | |
| Capital projects fund | N/A | \$ - | \$ 1,546,538 |
| Adult education fund | N/A | - | 63,984 |
| School cafeteria fund | N/A | 33,897 | - |
| Education grant fund | N/A | 304,360 | - |
| Student activity fund | N/A | 58,694 | - |
| Total general fund | | <u>396,951</u> | <u>1,610,522</u> |
| Capital projects fund | General fund | <u>1,546,538</u> | <u>-</u> |
| Other governmental funds | | | |
| Adult education fund | General fund | 63,984 | - |
| Adult education fund | Education grant fund | 31,767 | - |
| School cafeteria fund | General fund | - | 33,897 |
| Education grant fund | Adult education fund | - | 31,767 |
| Education grant fund | General fund | - | 304,360 |
| Total other governmental funds | | <u>95,751</u> | <u>370,024</u> |
| Agency funds | | | |
| Student activity fund | General fund | - | 58,694 |
| Total | | <u><u>\$ 2,039,240</u></u> | <u><u>\$ 2,039,240</u></u> |

Town of Clinton, Connecticut

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

C. Interfund accounts (continued)

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

2. Interfund transfers

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

| | Corresponding Fund | Transfers In | Transfers Out |
|-----------------------|-----------------------|---------------------|---------------------|
| General fund | Capital projects fund | \$ - | \$ 1,403,001 |
| Capital projects fund | General fund | <u>1,403,001</u> | - |
| Total | | <u>\$ 1,403,001</u> | <u>\$ 1,403,001</u> |

Transfers are used to move budgeted appropriations from the general fund for funding of capital projects.

Town of Clinton, Connecticut

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

D. Capital assets

Capital asset activity for the fiscal year was as follows:

| | Balance July 1, 2019 (as restated) | Increases | Decreases | Balance June 30, 2020 |
|---|--|----------------|------------|--------------------------|
| <u>Capital Assets, Not Being Depreciated:</u> | | | | |
| Land | \$ 6,068,110 | \$ - | \$ - | \$ 6,068,110 |
| Construction in progress | 1,077,629 | 586,979 | 422,481 | 1,242,127 |
| Total Capital Assets, Not Being Depreciated | 7,145,739 | 586,979 | 422,481 | 7,310,237 |
| <u>Capital assets, Being Depreciated:</u> | | | | |
| Land improvements | 11,713,821 | 582,888 | - | 12,296,709 |
| Buildings and improvements | 104,458,264 | 47,820 | 467,823 | 104,038,261 |
| Machinery and equipment | 12,632,579 | 716,311 | 27,000 | 13,321,890 |
| Infrastructure | 40,981,562 | 111,098 | 8,000 | 41,084,660 |
| Total Capital Assets, Being Depreciated | 169,786,226 | 1,458,117 | 502,823 | 170,741,520 |
| Total Capital Assets | 176,931,965 | 2,045,096 | 925,304 | 178,051,757 |
| <u>Less Accumulated Depreciation For:</u> | | | | |
| Land improvements | 9,014,025 | 448,064 | - | 9,462,089 |
| Buildings and improvements | 22,718,712 | 1,599,773 | 262,731 | 24,055,754 |
| Machinery and equipment | 7,545,535 | 1,011,733 | 27,000 | 8,530,268 |
| Infrastructure | 16,520,603 | 826,017 | 2,100 | 17,344,520 |
| Total Accumulated Depreciation | 55,798,875 | 3,885,587 | 291,831 | 59,392,631 |
| Total Capital Assets, Being Depreciated, Net | 113,987,351 | (2,427,470) | 210,992 | 111,348,889 |
| Capital Assets, Net | \$ 121,133,090 | \$ (1,840,491) | \$ 633,473 | \$ 118,659,126 |

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

| | |
|--------------------------------|------------------|
| General government | \$ 263,158 |
| Public safety | 825,990 |
| Public works | 972,935 |
| Culture and recreation | 60,344 |
| Education | 1,763,160 |
| Total depreciation expense | \$ 3,885,587 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**E. Construction commitments**

The Town has the following construction commitments:

| | |
|-------------------------------------|-------------------------|
| Pleasant Valley Road | \$ 1,479,586 |
| Engineering Carter Hill | 126,446 |
| Engineering Kelseytown Road | 102,040 |
| Small Bridge Repairs (Bridge Study) | 659,066 |
| Eliot Water Pipe | <u>414,712</u> |
| Total | <u>\$ 2,781,850</u> |

F. Short-term obligations – bond anticipation notes

The Town uses bond anticipation notes during the construction period of various projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the fiscal year was as follows:

| Description | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 |
|-----------------------------|---------------|------------------|---------------|----------------------|------------------|------------------|-----------------------|
| New Morgan High School | 2/6/2019 | 2/5/2020 | 3.00% | \$ 2,000,000 | \$ - | \$ 2,000,000 | \$ - |
| Infrastructure Improvements | 2/6/2019 | 2/5/2020 | 3.00% | 3,000,000 | - | 3,000,000 | - |
| Infrastructure Improvements | 2/5/2020 | 2/4/2021 | 2.00% | - | 3,150,000 | - | 3,150,000 |
| Total | | | | \$ 5,000,000 | \$ 3,150,000 | \$ 5,000,000 | \$ 3,150,000 |

Town of Clinton, Connecticut

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

G. Changes in long-term obligations

1. Summary of changes

| Description | Original Amount | Date of Issue | Date of Maturity | Interest Rate | Balance July 1, 2019 | Additions | Deductions | Balance June 30, 2020 | Current Portion | Long-Term Portion |
|---|-----------------|---------------|------------------|---------------|----------------------|---------------|---------------|-----------------------|-----------------|-------------------|
| (as restated) | | | | | | | | | | |
| Bonds: | | | | | | | | | | |
| General Purpose: | | | | | | | | | | |
| Refunding bonds | \$ 1,923,000 | 01/24/12 | 08/01/23 | 3.0% | \$ 404,000 | \$ - | \$ 404,000 | \$ - | \$ - | \$ - |
| Refunding bonds | 2,996,000 | 02/15/13 | 08/01/23 | 3.0-4.0% | 1,497,000 | - | 295,000 | 1,202,000 | 303,000 | 899,000 |
| Bonds | 2,300,000 | 01/26/16 | 02/01/36 | 2.0-5.0% | 2,185,000 | - | 115,000 | 2,070,000 | 115,000 | 1,955,000 |
| Refunding bonds | 3,015,000 | 02/11/16 | 07/15/30 | 2.0-5.0% | 2,773,000 | - | 239,000 | 2,534,000 | 235,000 | 2,299,000 |
| Bonds | 2,800,000 | 01/24/18 | 02/01/38 | 2.0-5.0% | 2,800,000 | - | - | 2,800,000 | 120,000 | 2,680,000 |
| Refunding bonds | 6,690,000 | 03/27/19 | 08/01/33 | 3.0-5.0% | 6,690,000 | - | 210,000 | 6,480,000 | 520,000 | 5,960,000 |
| Bonds | 3,710,000 | 01/22/20 | 02/01/40 | 2.0-5.0% | - | 3,215,359 | - | 3,215,359 | - | 3,215,359 |
| Total general purpose | 23,434,000 | | | | 16,349,000 | 3,215,359 | 1,263,000 | 18,301,359 | 1,293,000 | 17,008,359 |
| School bonds: | | | | | | | | | | |
| Refunding bonds | 1,052,000 | 01/24/12 | 08/01/23 | 3.0% | 221,000 | - | 221,000 | - | - | - |
| Refunding bonds | 804,000 | 02/15/13 | 08/01/23 | 3.0-4.0% | 403,000 | - | 80,000 | 323,000 | 82,000 | 241,000 |
| School bond | 5,000,000 | 01/29/15 | 02/01/35 | 2.0-3.0% | 4,450,000 | - | 275,000 | 4,175,000 | 275,000 | 3,900,000 |
| School building | 12,000,000 | 01/26/16 | 02/01/36 | 2.0-5.0% | 11,525,000 | - | 475,000 | 11,050,000 | 550,000 | 10,500,000 |
| Refunding bonds | 585,000 | 02/11/16 | 07/15/30 | 2.0-5.0% | 537,000 | - | 46,000 | 491,000 | 45,000 | 446,000 |
| School bond | 14,000,000 | 01/25/17 | 02/01/37 | 3.0-5.0% | 14,000,000 | - | 575,000 | 13,425,000 | 575,000 | 12,850,000 |
| Refunding bonds | 5,440,000 | 03/27/19 | 08/01/33 | 3.0-5.0% | 5,440,000 | - | 180,000 | 5,260,000 | 345,000 | 4,915,000 |
| School bond | 2,000,000 | 01/22/20 | 02/01/40 | 2.0-5.0% | - | 2,494,641 | - | 2,494,641 | - | 2,494,641 |
| Total school bonds | 40,881,000 | | | | 36,576,000 | 2,494,641 | 1,852,000 | 37,218,641 | 1,872,000 | 35,346,641 |
| Total bonds | 64,315,000 | | | | 52,925,000 | 5,710,000 | 3,115,000 | 55,520,000 | 3,165,000 | 52,355,000 |
| Notes: | | | | | | | | | | |
| Equipment financing notes | | | | | 866,778 | - | 258,498 | 608,280 | 222,894 | 385,386 |
| Total bonds and notes | | | | | 53,791,778 | 5,710,000 | 3,373,498 | 56,128,280 | 3,387,894 | 52,740,386 |
| Premium | | | | | 2,232,729 | 318,216 | 538,543 | 2,012,402 | - | 2,012,402 |
| Total bonds, notes and related liabilities | | | | | 56,024,507 | 6,028,216 | 3,912,041 | 58,140,682 | 3,387,894 | 54,752,788 |
| Capital lease payable | | | | | 55,638 | - | 27,819 | 27,819 | 27,819 | - |
| Retainage payable | | | | | 68,130 | - | 68,130 | - | - | - |
| Compensated absences | | | | | 1,954,233 | 451,642 | 321,887 | 2,083,988 | 799,975 | 1,284,013 |
| Net pension liability | | | | | 14,762,277 | 4,958,490 | 3,560,379 | 16,160,388 | - | 16,160,388 |
| Net OPEB liability | | | | | 10,712,752 | 1,150,491 | 2,348,020 | 9,515,223 | - | 9,515,223 |
| Heart and hypertension | | | | | 87,529 | 555 | 2,946 | 85,138 | 2,463 | 82,675 |
| Landfill closure and post closure liability | | | | | 6,713,658 | 263,405 | 103,338 | 6,873,725 | 98,000 | 6,775,725 |
| Total long-term obligations | | | | | \$ 90,378,724 | \$ 12,852,799 | \$ 10,344,560 | \$ 92,886,963 | \$ 4,316,151 | \$ 88,570,812 |

All long-term liabilities are generally liquidated by the general fund except for heart and hypertension which is liquidated from the internal service fund.

Town of Clinton, Connecticut

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

G. Changes in long-term obligations (continued)

2. The following is a summary of principal and interest amounts of bond and note maturities:

| Year Ended June 30, | Governmental Activities | | |
|------------------------|-------------------------|-------------------|----------------------|
| | Bond Principal | Note Principal | Total Interest |
| 2021 | \$ 3,165,000 | \$ 222,894 | \$ 1,827,828 |
| 2022 | 3,390,000 | 81,973 | 1,681,410 |
| 2023 | 3,795,000 | 55,594 | 1,527,652 |
| 2024 | 4,030,000 | 56,913 | 1,368,583 |
| 2025 | 3,390,000 | 58,266 | 1,238,809 |
| 2026 | 3,405,000 | 59,653 | 1,123,705 |
| 2027 | 3,450,000 | 34,889 | 1,011,568 |
| 2028 | 3,485,000 | 22,620 | 900,211 |
| 2029 | 3,495,000 | 15,478 | 793,602 |
| 2030 | 3,505,000 | - | 689,013 |
| 2031 | 3,525,000 | - | 582,538 |
| 2032 | 3,270,000 | - | 482,588 |
| 2033 | 3,315,000 | - | 386,813 |
| 2034 | 2,980,000 | - | 294,763 |
| 2035 | 2,535,000 | - | 213,313 |
| 2036 | 2,235,000 | - | 137,425 |
| 2037 | 1,365,000 | - | 70,313 |
| 2038 | 515,000 | - | 27,819 |
| 2039 | 335,000 | - | 15,075 |
| 2040 | 335,000 | - | 7,538 |
| Total | <u>\$ 55,520,000</u> | <u>\$ 608,280</u> | <u>\$ 14,380,566</u> |

3. Assets pledged as collateral

The Town's outstanding equipment financing notes of \$608,280 are secured with collateral of the equipment purchased.

Town of Clinton, Connecticut

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

G. Changes in long-term obligations (continued)

4. Statutory debt limitations

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

| Category | Debit Limit | Net Indebtedness | Balance |
|-----------------|----------------|------------------|---------------|
| General purpose | \$ 105,576,539 | \$ 21,451,359 | \$ 84,125,180 |
| Schools | 211,153,077 | 37,218,641 | 173,934,436 |
| Sewers | 175,960,898 | - | 175,960,898 |
| Urban renewal | 152,499,445 | - | 152,499,445 |
| Pension deficit | 140,768,718 | - | 140,768,718 |

The total overall statutory debt limit for the Town is equal to seven times annual receipts from prior year taxation, \$328,460,342.

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

5. Authorized/unissued bonds

The amount of authorized, unissued bonds are as follows:

| | |
|-----------------|----------------------|
| General purpose | \$ 11,747,641 |
| Schools | 5,206,647 |
| Total | <u>\$ 16,954,288</u> |

In addition, the Town authorized \$35,000,000 in refunding bonds subsequent to year end on September 2, 2020. On October 14, 2020, the Town issued \$3,515,000 of general obligation refunding bonds and \$20,240,000 of taxable general obligation refunding bonds. These bonds mature through 2037 and carry interest rates of 0.40% - 4.00%.

6. Capital leases

The Town has entered into a lease agreement to finance the acquisition of computer equipment. The equipment is included in the capital assets as follows:

| | Cost | Accumulated Depreciation | Depreciation Expense |
|-------------------------|-------------------|--------------------------|----------------------|
| Machinery and equipment | <u>\$ 111,276</u> | <u>\$ 82,943</u> | <u>\$ 27,800</u> |

Town of Clinton, Connecticut

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

The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments:

| Year Ending June 30, | |
|---|------------------|
| 2021 | 28,560 |
| Less amount representing interest | <u>(741)</u> |
| Present value of minimum lease payments | <u>\$ 27,819</u> |

7. Landfill closure and post-closure care costs

State and Federal laws and regulations require that the Town place a cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. The cost of landfill closure and post closure care is allocated based on landfill capacity used to date. The landfill has been converted to a transfer station facility for residents.

The Town is in the process of closing its landfill in accordance with the requirements of the State of Connecticut Department of Energy and Environmental Protection and the Federal Environmental Protection Agency. The estimated total current costs of landfill closure is \$6,273,725, which is based on what it would cost to perform all closure at 2020 prices with a third party performing the closure work.

Estimated total current costs of landfill post-closure care is \$600,000, which is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfill. However, the actual cost of closure and monitoring and other post-closure care may be higher due to inflation, deflation, changes in technology or changes in landfill laws and regulations.

The Town has established \$350,000 of assigned fund balance in the General Fund to partially fund the closure.

Town of Clinton, Connecticut

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

H. Fund balances and restricted net position

Fund balances are composed of the following:

| Fund Balance Component | General Fund | Capital Projects | Other Governmental Funds | Total |
|---|--------------|------------------|--------------------------|--------------|
| <u>Nonspendable:</u> | | | | |
| Prepays | \$ 120,789 | \$ - | \$ - | \$ 120,789 |
| <u>Restricted:</u> | | | | |
| Historical preservation | - | - | 11,752 | 11,752 |
| Public safety programs | - | - | 20,319 | 20,319 |
| Housing rehabilitation | - | - | 282,031 | 282,031 |
| Education programs | - | - | 113,614 | 113,614 |
| Food service program | - | - | 120,564 | 120,564 |
| Total restricted | - | - | 548,280 | 548,280 |
| <u>Committed:</u> | | | | |
| Public safety programs | - | - | 8,847 | 8,847 |
| Culture and recreation programs | - | - | 277,911 | 277,911 |
| Social service programs | - | - | 76,557 | 76,557 |
| Capital projects | - | 525,928 | - | 525,928 |
| Education programs and capital projects | 667,209 | - | - | 667,209 |
| Landfill closure | 350,000 | - | - | 350,000 |
| Total committed | 1,017,209 | 525,928 | 363,315 | 1,906,452 |
| <u>Assigned:</u> | | | | |
| Subsequent year's budget | 1,075,000 | - | - | 1,075,000 |
| Town projects and programs | - | - | 354,391 | 354,391 |
| Total assigned | 1,075,000 | - | 354,391 | 1,429,391 |
| <u>Unassigned</u> | | | | |
| | 11,142,223 | - | - | 11,142,223 |
| Total | \$13,355,221 | \$525,928 | \$1,265,986 | \$15,147,135 |

The amount of restricted net position, which was restricted by enabling legislation, totaled \$132,316.

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

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

The Town is a member of Connecticut Interlocal Risk Management Association ("CIRMA"). CIRMA is a public entity risk pool established under the provisions of the Connecticut General Statutes Section 7-479a et. seq. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing pool coverage with no deductible retention. A separate agreement limits the member's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

The Town is also a member of CIRMA's Workers' Compensation Pool, a risk sharing pool. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is subject to an insured loss retrospective rating plan and losses incurred in the coverage period will be evaluated at 18, 30 and 42 months after the effective date of coverage. The premium is subject to a payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance about that amount to the limit of liability of \$10,000,000 per occurrence.

The Town is a member of the Eastern Connecticut Health and Medical Cooperative ("Cooperative"), a public-entity risk pool. The members consist of the Town of Clinton, Regional School District No. 18, LEARN, North Stonington Board of Education, and Old Saybrook Board of Education. Pursuant to Connecticut Public Act 10-174, a municipality or local or regional Board of Education may join together with any combination of other municipalities and local or regional Boards of Education by written agreement as a single entity for the purpose of providing medical or health care benefits for the employees and eligible retirees ("enrollees").

The Cooperative collectively procures health care insurance for their respective enrollees in a manner designed to stabilize and contain the cost of such insurance. The Cooperative members share the claims risk associated with being self-insured. The Cooperative reinsurance for medical, dental and prescription drug claims in excess of \$1,000,000 maximum aggregate benefit. Each entity deposits their monthly premium in the Cooperative bank account. Each fiscal year, the Cooperative is audited by an independent auditor. Any withdrawing member shall be responsible for its pro rata share of any plan deficit that exists on the date of the withdrawal.

The Town is a self-insured provider of claims under C.G.S. 7-433c, the Heart and Hypertension Act. The death benefits liability is adjusted annually to reflect cost of living increases. The present value of benefits was computed at an assumed rate of return of three percent. The plan is funded monthly by budget appropriations and employee contributions, as required.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**A. Risk management (continued)**

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for heart and hypertension. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Town departments are charged premiums by the Internal Service Fund, which are included in department expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims.

| | Current year | | | | | |
|---------------------------------|-----------------------------|---------------------------------------|----------------|------------------------------|--------------------|----------------------|
| | Claims Payable July 1 | Claims and Changes in Estimates | Claims Paid | Claims Payable June 30 | Current Portion | Long-Term Portion |
| <u>Heart and hypertension *</u> | | | | | | |
| 2019-2020 | \$ 87,529 | \$ 555 | \$ 2,946 | \$ 85,138 | \$ 2,463 | \$ 82,675 |

*Reported as an internal service fund for the first time for this fiscal year.

B. Commitments and litigation

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

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

C. Tax abatements

The Town is authorized by Connecticut State Statutes to enter into property tax abatement agreements for the purpose of economic development, competitiveness and to encourage business investment. The Town has the following abatement programs:

There is currently one company participating in the economic development tax incentive program.

The amount of the tax abatement under this program was \$51,547.

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

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

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

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

V. Pensions and other post-employment benefit ("OPEB") plans**A. Town pension plans****1. Plan description****a. Plan administration**

The Town of Clinton is the administrator of three single-employer public employee retirement systems established and administered by the town to provide benefits that cover the police employees, education noncertified employees and volunteer firefighters of the Town ("Plans"). All other Town employees are covered by the State of Connecticut Municipal Employees Retirement Fund except for certified teachers who are covered by the State of Connecticut Teachers' Retirement System. The plans are considered to be part of the Town financial reporting entity and are included in the Town's financial reports as a pension trust fund. The Plans were established by Town Meeting. The plans do not issue a standalone report. Benefits and refunds of post-employment defined plans are recognized when due and payable in accordance with the terms of the Plan. The Town's General Fund contributes an amount as recommended by their Actuary to fund the net pension obligations.

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**A. Town pension plans (continued)**

Benefits and contributions are established by the Town, via negotiated contracts, and may be amended only by the approval of the Town Council, and as agreed upon with the appropriate bargaining unit.

The Police Plan is closed to new non-union entrants as of July 1, 2018. The Volunteer Firefighters' Plan is closed to new entrants as of June 1, 2015.

Management of the Police Plan rests with the Police Retirement Board, which consists of three elected members. Management of the Board of Education Plan rests with the Education Retirement Board, which consists of four members. Management of the Volunteer Firefighters Plan rests with the Town Council.

b. Plan membership

As of July 1, 2019 for the Police and Board of Education Plans and July 1, 2018 for the Volunteer Firefighter Plan, the memberships in the Plans are comprised of the following:

| | <u>Police</u> | <u>Education Noncertified</u> | <u>Volunteer Firefighters</u> |
|---|---------------|-----------------------------------|-----------------------------------|
| Retirees and beneficiaries receiving benefits | 24 | 29 | 11 |
| Terminated employees entitled to benefits | 2 | 17 | - |
| Active members | <u>27</u> | <u>78</u> | <u>32</u> |
| Total | <u>53</u> | <u>124</u> | <u>43</u> |

2. Benefit provisions

| | <u>Police</u> | <u>Education Noncertified</u> | <u>Volunteer Firefighters</u> |
|---------------------|---|---|-----------------------------------|
| Normal retirement | Age 55 with 10 years of continuous service (15 years if non-continuous) or 25 years of service | Age 65 with 10 years of service | Age 65 with 20 years of service |
| Benefit calculation | <p><u>Union:</u> 2.00% of final average annual earnings multiplied by years of service, not to exceed 75% of final average annual earnings</p> <p><u>Non-Union:</u> 3.00% of final average annual earnings multiplied by years of service, not to exceed 75% of final average annual earnings</p> | <p><u>Secretaries and central office staff:</u> 2.00% of average annual earnings multiplied by years of service</p> <p><u>All others:</u> 1.20%</p> | \$400 per month |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

| | Police | Education Noncertified | Volunteer Firefighters |
|------------------------------|---|--|---------------------------|
| Final average compensation | <u>Union:</u> Hired before May 1, 1998: average annual compensation for 3 highest years. Hired after May 1, 1998: average annual compensation for last 3 years <u>Non-Union:</u> Highest annual compensation | Average annual compensation of 5 highest plan years in final ten years | N/A - volunteer plan |
| Early retirement requirement | <u>Union:</u> 10 years of service <u>Non-Union:</u> None | Age 55 and 10 years of service | None |
| Early retirement benefit | <u>Union:</u> Accrued benefit as of early retirement date <u>Non-Union:</u> None | Benefit reduced by 1/15th for first 5 years and 1/30th for next 5 years until normal retirement date | None |
| Vesting - service | 10 years continuous service, 15 years non-continuous | 40% with 4 years of service increasing annually to 100% with 11 years of service | None |
| Cost of living adjustments | <u>Union:</u> Hired before May 1, 1998, 1-3%. Hired after May 1, 1998, none <u>Non-Union:</u> 4.00% | None | None |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

3. Contributions

Each participant is required to contribute the following percentage of their salary to the plan.

| | Police | Education Noncertified | Volunteer Firefighters |
|--|--------|---|-------------------------------------|
| Participants - active member contribution rate of annual base compensation | 6.0% | Secretaries - 2.0% All others - 1.0% | None |
| Town - average contribution rate of covered payroll | 66.65% | 14.71% | N/A - Actuarially determined amount |

4. Investments

a. Investment policy

The pension plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following is the Board's adopted asset allocation policy for the plans:

| Asset Class | Target Allocation | | |
|-------------------------|-------------------|---------------------------|---------------------------|
| | Police | Education Noncertified | Volunteer Firefighters |
| Large Cap | 31.00% | 30.00% | 22.00% |
| Mid Cap | 13.50% | 9.00% | 10.00% |
| Small Cap | 5.50% | 4.00% | 0.00% |
| International Equity | 8.00% | 9.00% | 10.00% |
| Emerging Markets Equity | 0.00% | 9.00% | 4.00% |
| REIT Equity | 2.00% | 2.00% | 0.00% |
| Fixed Income | 35.00% | 28.00% | 0.00% |
| Intermediate Corporate | 0.00% | 0.00% | 12.00% |
| Intermediate Government | 0.00% | 0.00% | 8.00% |
| High-Yield Bonds | 0.00% | 0.00% | 5.00% |
| International Bonds | 0.00% | 0.00% | 5.00% |
| Short Term Bonds | 0.00% | 0.00% | 20.00% |
| Cash | 5.00% | 5.00% | 0.00% |
| Commodities | 0.00% | 4.00% | 0.00% |
| Real Estate (Core) | 0.00% | 0.00% | 4.00% |
| Total | 100.00% | 100.00% | 100.00% |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

b. Concentrations

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

c. Rate of return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation (see the discussion of the pension plans' investment policy) are as follows:

| Asset Class | Long-Term Expected Real Rate of Return | | |
|-----------------------------------|--|------------------------|------------------------|
| | Police | Education Noncertified | Volunteer Firefighters |
| Large Cap | 6.40% | 4.46% | 4.50% |
| Mid Cap | 7.30% | 4.84% | 5.00% |
| Small Cap | 7.80% | 5.97% | 0.00% |
| International Equity | 6.40% | 6.09% | 5.25% |
| Emerging Markets Equity | 0.00% | 8.28% | 5.75% |
| REIT Equity | 9.00% | 5.08% | 0.00% |
| Fixed Income | 0.70% | 2.28% | 0.00% |
| Intermediate Corporate | 0.00% | 0.00% | 2.00% |
| Intermediate Government | 0.00% | 0.00% | 0.75% |
| High-Yield Bonds | 0.00% | 0.00% | 3.75% |
| International Bonds | 0.00% | 0.00% | 1.00% |
| Short Term Bonds | 0.00% | 0.00% | 0.25% |
| Cash | 0.00% | 0.88% | 0.00% |
| Commodities | 0.00% | 2.99% | 0.00% |
| Real Estate (Core) | 0.00% | 0.00% | 3.75% |
| Alternatives | 0.00% | 0.00% | 1.00% |
| Long-Term Inflation Expectation | 2.50% | 2.75% | 2.60% |
| Long-Term Expected Nominal Return | 6.84% | 6.97% | 5.59% |

d. Annual money-weighted rate of return

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

| | |
|---------------------------------|-------|
| Police | 2.23% |
| Board of Education Noncertified | 3.05% |
| Volunteer Firefighters | 1.31% |

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

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

5. Net pension liability

The components of the net pension liability were as follows:

| | Police | Education Noncertified | Volunteer Firefighters |
|---|---------------------|---------------------------|---------------------------|
| Total pension liability | \$ 22,334,014 | \$ 8,218,051 | \$ 976,459 |
| Plan fiduciary net position | 13,865,092 | 6,042,867 | 122,792 |
| Net pension liability | <u>\$ 8,468,922</u> | <u>\$ 2,175,184</u> | <u>\$ 853,667</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 62.08% | 73.53% | 12.58% |

6. Actuarial methods and significant assumptions

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

| | Police | Education Noncertified | Volunteer Firefighters |
|----------------------------|--|--|---|
| Valuation date | July 1, 2019 | July 1, 2019 | July 1, 2018 |
| Actuarial cost method | Entry age normal | Entry age normal | Entry age normal |
| Asset valuation method | Fair value | Fair value | Fair value |
| Investment rate of return | 7.25% | 6.50% | 6.75% |
| Inflation | 2.60% | 2.75% | 2.60% |
| Salary increases | 4.10% | 4.00% | N/A |
| Cost of living adjustments | Union: Hired before May 1, 1998, 1-3%. Hired after May 1, 1998, none Non-Union: 4.00% | None | None |
| Mortality rates | RP-2014 Adjusted to 2006 Blue Collar Mortality Tables projected to valuation date with Scale MP-2019 | PubG-2010 Mortality Table with generational projection per the MP-Ultimate scale | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018 |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

7. Changes from prior year

a. Changes in assumptions

Police Plan

- The investment rate of return was decreased from 7.35% to 7.25%.
- The mortality assumption was updated from RP-2000 Mortality Table projected to the valuation date with scale MP-2018 to RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with Scale MP-2019.

Board of Education Noncertified Plan

- The mortality assumption was updated from RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA to PubG-2010 Mortality Table with generational projection per the MP-Ultimate scale.

Volunteer Firefighters' Plan

- There were no changes in assumptions.

b. Changes in benefit terms

There were no changes in benefit terms.

8. Discount rate

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

| | Police | Education Noncertified | Volunteer Firefighters |
|---------------|--------|---------------------------|---------------------------|
| Discount rate | 7.25% | 6.50% | 6.75% |

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, the long-term expected rate of return on pension plan investments was used to discount plan liabilities.

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

9. Changes in the net pension liability

The Town's net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 for the Police and Board of Education Noncertified Plans and as of July 1, 2018 for the Volunteer Firefighters' Plan. The changes in net pension liability were as follows:

| Police | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at July 1, 2019 | \$ 21,665,878 | \$ 13,728,200 | \$ 7,937,678 |
| Service cost | 275,916 | - | 275,916 |
| Interest | 1,566,046 | - | 1,566,046 |
| Differences between expected and actual experience | (54,966) | - | (54,966) |
| Changes in assumptions | 153,963 | - | 153,963 |
| Contributions - employer | - | 968,500 | (968,500) |
| Contributions - member | - | 105,260 | (105,260) |
| Net investment income | - | 341,869 | (341,869) |
| Benefit payments, including refunds of member contributions | (1,272,823) | (1,272,823) | - |
| Administration | - | (5,914) | 5,914 |
| Net change | 668,136 | 136,892 | 531,244 |
| Balance at June 30, 2020 | \$ 22,334,014 | \$ 13,865,092 | \$ 8,468,922 |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Education Noncertified | | | |
| Balance at July 1, 2019 | <u>\$ 8,079,825</u> | <u>\$ 6,493,309</u> | <u>\$ 1,586,516</u> |
| Service cost | 249,985 | - | 249,985 |
| Interest | 505,619 | - | 505,619 |
| Differences between expected and actual experience | 55,796 | - | 55,796 |
| Changes in assumptions | 446,537 | - | 446,537 |
| Contributions - employer | - | 455,549 | (455,549) |
| Contributions - member | - | 30,077 | (30,077) |
| Net investment income | - | 183,643 | (183,643) |
| Benefit payments, including refunds of member contributions | <u>(1,119,711)</u> | <u>(1,119,711)</u> | <u>-</u> |
| Net change | <u>138,226</u> | <u>(450,442)</u> | <u>588,668</u> |
| Balance at June 30, 2020 | <u>\$ 8,218,051</u> | <u>\$ 6,042,867</u> | <u>\$ 2,175,184</u> |
| Volunteer Firefighters | | | |
| Balance at July 1, 2019 | <u>\$ 957,109</u> | <u>\$ 100,015</u> | <u>\$ 857,094</u> |
| Service cost | 12,582 | - | 12,582 |
| Interest | 63,568 | - | 63,568 |
| Contributions - employer | - | 77,675 | (77,675) |
| Net investment income | - | 1,902 | (1,902) |
| Benefit payments, including refunds of member contributions | <u>(56,800)</u> | <u>(56,800)</u> | <u>-</u> |
| Net change | <u>19,350</u> | <u>22,777</u> | <u>(3,427)</u> |
| Balance at June 30, 2020 | <u>\$ 976,459</u> | <u>\$ 122,792</u> | <u>\$ 853,667</u> |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

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

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

| Net pension liability | 1% Decrease | Current Discount Rate | 1% Increase |
|------------------------|----------------------|--------------------------|---------------------|
| Police | <u>\$ 11,058,929</u> | <u>\$ 8,468,922</u> | <u>\$ 6,311,537</u> |
| Education Noncertified | <u>\$ 3,046,870</u> | <u>\$ 2,175,184</u> | <u>\$ 1,431,393</u> |
| Volunteer Firefighters | <u>\$ 973,014</u> | <u>\$ 853,667</u> | <u>\$ 752,611</u> |

11. Pension expense and deferred outflows and inflows of resources

The Town recognized pension expense for the plans of:

| | Police | Education Noncertified | Volunteer Firefighters |
|-----------------|---------------------|---------------------------|---------------------------|
| Pension expense | <u>\$ 1,185,141</u> | <u>\$ 417,185</u> | <u>\$ 70,777</u> |

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

| Description of Outflows/Inflows | Police | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|---|--------|--------------------------------------|-------------------------------------|-------------------|
| Differences between expected and actual experience | | \$ - | \$ (211,276) | \$ (211,276) |
| Changes in assumptions | | 566,205 | (121,646) | 444,559 |
| Net difference between projected and actual earnings on pension plan investments | | 640,783 | - | 640,783 |
| Total | | <u>\$ 1,206,988</u> | <u>\$ (332,922)</u> | <u>\$ 874,066</u> |

Town of Clinton, Connecticut

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

A. Town pension plans (continued)

| Education Noncertified Description of Outflows/Inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|---|--------------------------------------|-------------------------------------|-------------------|
| Differences between expected and actual experience | \$ 208,318 | \$ (225,053) | \$ (16,735) |
| Changes in assumptions | 377,839 | (200,077) | 177,762 |
| Net difference between projected and actual earnings on pension plan investments | 45,027 | - | 45,027 |
| Total | \$ 631,184 | \$ (425,130) | \$ 206,054 |
| Volunteer Firefighters Description of Outflows/Inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
| Differences between expected and actual experience | \$ - | \$ (24,237) | \$ (24,237) |
| Changes in assumptions | 26,895 | - | 26,895 |
| Net difference between projected and actual earnings on pension plan investments | 5,978 | - | 5,978 |
| Total | \$ 32,873 | \$ (24,237) | \$ 8,636 |

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

| Plan | Years |
|------------------------|-------|
| Police | 6.1 |
| Education Noncertified | 6.5 |
| Volunteer Firefighters | 11.8 |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**A. Town pension plans (continued)**

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

| Year Ending June 30, | Police | Education Noncertified | Volunteer Firefighters |
|-------------------------|-------------------|---------------------------|---------------------------|
| 2021 | \$ 271,860 | \$ 35,875 | \$ 2,071 |
| 2022 | 268,579 | 41,288 | 1,815 |
| 2023 | 185,806 | 33,786 | 1,795 |
| 2024 | 129,969 | 54,690 | 1,381 |
| 2025 | 16,229 | 1,774 | 271 |
| Thereafter | 1,623 | 38,641 | 1,303 |
| Total | \$ 874,066 | \$ 206,054 | \$ 8,636 |

B. Defined contribution retirement savings plan

Volunteer Firefighters are eligible to participate in a defined contribution plan administered by the Town, known as the Length of Service Awards Program 457E plan ("Plan"). The benefits and contribution requirements are established by approval of the Town Council. The Plan requires the Town to contribute \$1,000 per eligible member. The Town contributions for each member (and interest allocated to the members' account) are vested after five years of service. No member contributions are allowed. During the year, the employer contributions were \$30,000.

C. Connecticut municipal employees' retirement system**1. Plan description**

The Connecticut Municipal Employees' Retirement System ("MERS") is the public pension plan offered by the State of Connecticut for municipal employees in participating municipalities. MERS is a cost-sharing defined benefit pension plan administered by the Connecticut State Retirement Commission. Additional publicly available financial and actuarial information can be found out at www.osc.ct.gov/rbsd/cmers/plandoc.

Municipalities may designate which departments (including elected officials if so specified) are to be covered under the Connecticut Municipal Employees' Retirement System ("MERS"). This designation may be the result of collective bargaining. Only employees covered under the State Teachers' Retirement System may not be included. There are no minimum age or service requirements. Membership is mandatory for all regular full time employees of participating departments except Police and Fire hired after age 60.

The plan has 4 sub plans as follows:

- General employees with social security
- General employees without social security
- Policemen and firemen with social security
- Policemen and firemen without social security

Town of Clinton, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

2. Benefit provisions

| Normal retirement | |
|----------------------------|--|
| General Employees | Age 55 with 5 years of continuous service, or 15 years of active aggregate service or 25 years of aggregate service |
| Police and Firemen | Compulsory retirement age is age 65 |
| Benefit calculation | The maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and the maximum include workers' compensation and social security benefits |
| With social security | 1.50% of the average final compensation not in excess of the year's breakpoint plus 2.00% of average final compensation in excess of the year's breakpoint, times years of service. If any member covered by social security retires before age 62, the benefit until age 62 is reached or a social security disability award is received, is computed as if the member is not under social security |
| Without social security | 2.00% of average final compensation, times years of service |
| Final average compensation | Average of the three highest paid years of service |

| Early retirement | |
|--|--|
| Early retirement amount | 5 years of continuous service or 15 years of active aggregate service |
| Service connected disability amount | Calculated on the basis of average final compensation and service to date of termination. Deferral to normal retirement age, or an actuarially reduced allowance may begin at the time of separation |
| Non-service connected disability service requirement | Calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability |
| Non-service connected disability service amount | 10 years of service |
| Pre-retirement death benefit amount | Calculated based on compensation and service to the date of the disability |
| Cost of living increases | Lump-sum return of contributions with interest of if vested and married, the surviving spouse will receive a lifetime benefit |
| | 2.50% - 6.00% depending on retirement date and increase in CPI |

Town of Clinton, Connecticut**Notes to Financial Statements
As of and for the Year Ended June 30, 2020****C. Connecticut municipal employees' retirement system (continued)****3. Contributions**Employer

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

Employees

For employees not covered by social security, each person is required to contribute 5.00% of compensation.

For employees covered by social security, each person is required to contribute 2.25% of compensation up to the social security taxable wage base plus 5.00% of compensation, if any, in excess of such base.

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

The Town reported \$4,662,615 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The Town's proportionate share of the net pension liability was based upon the Town's 2019 actuarial (expected) payroll relative to the payroll of all the participating employers as of that date. The Town's proportional share was 1.263303% for the general employees with social security sub plan. The Town's proportional share increased 0.117823% from the prior year.

Subsequent to the measurement date, there were no changes in benefit terms or any expected changes that will have an impact on the measurement of net pension liability.

For the fiscal year, the Town recognized pension expense of \$1,367,034. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Clinton, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

| Description of outflows/inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows and Inflows |
|--|--------------------------------|-------------------------------|-----------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 189,813 | \$ - | \$ 189,813 |
| Change in assumptions | 1,231,458 | - | 1,231,458 |
| Change in proportional share | 193,071 | (125,395) | 67,676 |
| Difference between expected and actual experience | 507,750 | (420,252) | 87,498 |
| Contributions subsequent to measurement date | <u>395,324</u> | <u>-</u> | <u>395,324</u> |
| Total | <u>\$ 2,517,416</u> | <u>\$ (545,647)</u> | <u>1,971,769</u> |
| Contributions subsequent to the measurement date to be recognized as a reduction of the net pension liability in the subsequent year | | | <u>(395,324)</u> |
| Net amortized amount of deferred inflows and outflows | | | <u>\$ 1,576,445</u> |
| Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows: | | | |
| Year Ending June 30, | | | |
| 2021 | \$ 626,522 | | |
| 2022 | 450,072 | | |
| 2023 | 526,317 | | |
| 2024 | <u>(26,466)</u> | | |
| Total | <u>\$ 1,576,445</u> | | |

Town of Clinton, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)**5. Actuarial assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|--|
| Investment rate of return | 7.00% |
| Inflation | 2.50% |
| Salary increases | 3.50-10.00%, including inflation |
| Cost of living adjustments | Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6.00%. The minimum annual COLA is 2.50%, the maximum is 6.00%. |
| Mortality rates | Mortality rates were based on RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees and the RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected 2022 with Scale BB for Police and Fire. For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used. |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2017.

Long-term expected rate of return

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

Town of Clinton, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

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

| Asset Class | Allocation | Long-Term Target Expected Real Rate of Return |
|--------------------------------|---------------|---|
| Domestic equity | 20.00% | 5.30% |
| Developed market international | 11.00% | 5.10% |
| Emerging market international | 9.00% | 7.40% |
| Core fixed income | 16.00% | 1.60% |
| Inflation linked bond | 5.00% | 1.30% |
| Emerging market debt | 5.00% | 2.90% |
| High yield bond | 6.00% | 3.40% |
| Real estate | 10.00% | 4.70% |
| Private equity | 10.00% | 7.30% |
| Alternative investments | 7.00% | 3.20% |
| Liquidity fund | 1.00% | 0.90% |
| Total | <u>100.0%</u> | |

6. Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Town's proportional share of the net pension (asset) liability of MERS, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Decrease |
|---|---------------------|-----------------------------|---------------------|
| Town's proportional share of the net pension liability | <u>\$ 6,644,235</u> | <u>\$ 4,662,615</u> | <u>\$ 2,993,589</u> |

Town of Clinton, Connecticut

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

C. Connecticut municipal employees' retirement system (continued)

8. Plan fiduciary net position

Detailed information about the MERS plan's fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

D. Connecticut state teachers' retirement system

1. Plan description

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

2. Benefit provisions

| | |
|-------------------------------------|--|
| Normal retirement | 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 |
| Benefit calculation | 2.00% 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) |
| Early retirement | 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 |
| Early retirement amount | Benefit amounts are reduced by 6.00% per year for the first 5 years preceding normal retirement age and 4.00% 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 3.00% per year by which retirement precedes normal retirement date |
| Service connected disability amount | 2.00% 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 annual average salary |

Town of Clinton, Connecticut

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

D. Connecticut state teachers' retirement system (continued)

| | |
|--|---|
| Non-service connected disability service requirement | Five years of credited service |
| Vesting - service | 10 years of service |
| Vesting - amount | 100% |
| Pre-retirement death benefit amount | Lump-sum return of contributions with interest or surviving spouse benefit depending on length of service |

3. Contributions**State of Connecticut**

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

Employer (school districts)

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

Employees

Each teacher is required to contribute 7.00% of their salary for the pension benefit.

4. Pension liabilities, pension expense, and 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:

| | |
|--|-----------------------------|
| Town's proportionate share of the net pension liability | \$ - |
| State's proportionate share of the net pension liability associated with the Town | <u>66,603,926</u> |
| Total | <u><u>\$ 66,603,926</u></u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**D. Connecticut state teachers' retirement system (continued)**

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net pension liability.

During the year the Town recognized pension expense and revenue of \$5,041,563 for on-behalf amounts for contributions to the plan by the State.

5. Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Investment rate of return | 6.90% |
| Inflation | 2.50% |
| Salary increases | 3.25-6.50%, including inflation |
| Mortality rates | Mortality rates were based on RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale |

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5.00% 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 6.00% per annum. If the return on assets in the previous year was less than 8.50%, the maximum increase is 1.50%. 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 5.00% per annum. If the return on assets in the previous year was less than 11.50%, the maximum increase is 3.00%, and if the return on the assets in the previous year was less than 8.50%, the maximum increase is 1.00%.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Changes in assumptions and inputs

- The inflation assumption was decreased from 2.75% to 2.50%.
- The investment rate of return was decreased from 8.00% to 6.90%.

Town of Clinton, Connecticut

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

D. Connecticut state teachers' retirement system (continued)

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|--|-----------------------|--|
| Public equity - US equity | 20.00% | 8.10% |
| Public equity - international developed equity | 11.00% | 8.50% |
| Public equity - emerging markets equity | 9.00% | 10.40% |
| Fixed income - core fixed income | 16.00% | 4.60% |
| Fixed income - inflation linked bonds | 5.00% | 3.60% |
| Fixed income - high yield | 6.00% | 6.50% |
| Fixed income - emerging market debt | 5.00% | 5.20% |
| Private equity | 10.00% | 9.80% |
| Real estate | 10.00% | 7.00% |
| Alternative investments - real assets | 4.00% | 8.20% |
| Alternative investments - hedge funds | 3.00% | 5.40% |
| Liquidity fund | 1.00% | 2.90% |
| Total | <u>100.00%</u> | |

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

7. Sensitivity of the net pension liability 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.

Town of Clinton, Connecticut

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

D. Connecticut state teachers' retirement system (continued)

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

E. Total pension plans

| | Net Pension Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | Pension Expense |
|------------------------|-----------------------|--------------------------------|-------------------------------|---------------------|
| Police | \$ 8,468,922 | \$ 1,206,988 | \$ (332,922) | \$ 1,185,141 |
| Education Noncertified | 2,175,184 | 631,184 | (425,130) | 417,185 |
| Volunteer Firefighters | 853,667 | 32,873 | (24,237) | 70,777 |
| MERS | 4,662,615 | 2,517,416 | (545,647) | 1,367,034 |
| Total | \$ 16,160,388 | \$ 4,388,461 | \$ (1,327,936) | \$ 3,040,137 |

F. Other post-employment benefit plan

1. Plan description

a. Plan administration

The Town administers one single-employer defined benefit, post-retirement healthcare plan for the Town and Board of Education through the Town of Clinton Other Post-Employment Benefit ("OPEB") trust fund ("Plan"). The plan provides health and life insurance benefits to eligible retirees and their spouses. The plan does not issue standalone financial reports.

b. Plan membership

As of July 1, 2018 for the Town and July 1, 2019 for the Education, the plans' membership consisted of:

| | Town | Education |
|---|------------|------------|
| Retirees and beneficiaries receiving benefits | 49 | 26 |
| Active members | 77 | 267 |
| Total | 126 | 293 |

2. Benefit provisions

In addition to providing pension benefits, various Town employee agreements provide for a portion of health insurance coverage or subsidized coverage to retired employees. These benefits are negotiated through union contracts, personnel policies, and/or individual employment agreements.

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

3. Contributions

| | |
|---------------------------------|--|
| Employees | 0% |
| Town retirees | <u>Police:</u> Age 55 and 10 years of continuous service or 15 years of noncontinuous service or 25 years of service - access to a major medical plan up to age 62. Town pays 100% of cost <u>All other retirees:</u> Age 55 and 10-15 years of service on retiring (dependent on bargaining unit), up to age 65. Retiree pays 100% of the cost |
| Noncertified education retirees | Retiree pays 100% of the cost up to age 65 |
| Teachers and administrators | Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement Plan. These retirees are required to contribute the cost of the insurance to the Town |
| Employer | Actuarially determined on a bi-annual basis |

4. Investments

a. Investment policy

The OPEB plans' policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board. It is the policy of the Town's Retirement Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Board's adopted asset allocation policy.

| Asset Class | Target Allocation | |
|-------------------------|-------------------|-----------|
| | Town | Education |
| Large Cap | 44.00% | 20.00% |
| Mid/Small Cap | 12.00% | 12.00% |
| Large Growth | 0.00% | 12.00% |
| Large Value | 0.00% | 12.00% |
| International | 15.00% | 10.00% |
| Intermediate Bond | 23.00% | 0.00% |
| Short Term Bond/Cash | 1.00% | 1.00% |
| Fixed Income | 0.00% | 28.00% |
| Emerging Markets Equity | 0.00% | 5.00% |
| Specialty/Alternatives | 5.00% | 0.00% |
| Total | 100.00% | 100.00% |

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

b. Concentrations

There were no investments in any one organization that represents 5% or more of the OPEB plans' net position.

c. Rate of return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation (see the discussion of the OPEB plan's investment policy) are as follows:

| Asset Class | Long-Term Expected Real Rate of Return | |
|-----------------------------------|--|-----------|
| | Town | Education |
| Large Cap | 4.65% | 3.42% |
| Mid/Small Cap | 5.50% | 3.38% |
| Large Growth | 0.00% | 3.47% |
| Large Value | 0.00% | 3.38% |
| International | 5.50% | 4.70% |
| Intermediate Bond | 1.95% | 0.00% |
| Short Term Bond/Cash | 0.00% | 0.87% |
| Fixed Income | 0.00% | 2.18% |
| Emerging Markets Equity | 0.00% | 5.43% |
| Specialty/Alternatives | 2.25% | 0.00% |
| Long-Term Inflation Expectation | 2.60% | 2.75% |
| Long-Term Expected Rate of Return | 6.70% | 3.50% |

d. The annual money-weighted rate of return on OPEB plan investments, net of investment expense was:

| | Town | Education |
|----------------|--------|-----------|
| Rate of Return | -0.10% | 5.14% |

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

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

5. Net OPEB liability

The components of the net OPEB liability were measured as of June 30, 2020 and were as follows:

| | Town | Education |
|--|----------------------------|----------------------------|
| Total OPEB liability | \$ 3,168,592 | \$ 6,454,364 |
| Plan fiduciary net position | <u>32,320</u> | <u>75,413</u> |
| Net OPEB liability | <u><u>\$ 3,136,272</u></u> | <u><u>\$ 6,378,951</u></u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u><u>1.02%</u></u> | <u><u>1.17%</u></u> |

6. Actuarial methods and significant assumptions:

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

| | Town | Education |
|------------------------------|---|--|
| Valuation date | July 1, 2018 | July 1, 2019 |
| Actuarial cost method | Entry age normal | Entry age normal |
| Asset valuation method | Fair value | Fair value |
| Investment rate of return | 2.21% | 3.50% |
| Salary increases | 2.60% | Graded by age for teachers and administrators, 4.00% for all others |
| Inflation | 2.60% | 2.75% |
| Healthcare cost trend rates: | | |
| Initial medical trend rate | 7.60% | 5.70% |
| Ultimate medical trend rate | 4.60% | 4.10% |
| Mortality rates | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valued date with Scale MP-2017 | RPH-2014 White Collar Mortality table projected to the year 2020 using the BB improvement scale |

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

7. Changes from prior year

a. Changes in assumptions

Town

- The discount rate and investment rate of return decreased from 3.51% to 2.21%.
- The healthcare cost trend rate changed from 7.50% to a final 4.60% for 2022 and later to 7.60% to an ultimate rate of 4.60% for 2024 and later.

Education

- The discount rate decreased from 3.50% to 2.21%.
- The investment rate of return decreased from 4.00% to 3.50%.
- The healthcare cost trend rate changed from 6.30% - 4.50% over 57 years to 5.70% - 4.10% over 55 years.
- The mortality assumption changed from RP-2000 Combined Healthy Mortality Table projected forwarded 19 years using Scale AA to RPH-2014 White Collar Mortality table projected to the year 2020 using the BB improvement scale.

b. Changes in benefit terms

There were no changes in benefit terms in the current year.

8. Discount rate

The discount rate used to measure the total OPEB liability was:

| | <u>Town</u> | <u>Education</u> |
|---------------|-------------|------------------|
| Discount Rate | 2.21% | 2.21% |

The discount rate was based on the Bond Buyer municipal bond 20-year high grade index as of the measurement date.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

9. Changes in the net OPEB liability

The Town's OPEB liability was measured at June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018 for the Town and July 1, 2019 for the Board of Education.

| Town | Increase (Decrease) | | |
|--|-----------------------------|------------------------------------|---------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balance at July 1, 2019 | \$ 2,778,991 | \$ 32,351 | \$ 2,746,640 |
| Service cost | 49,276 | - | 49,276 |
| Interest | 95,744 | - | 95,744 |
| Differences between expected and actual experience | 30,740 | - | 30,740 |
| Changes in assumptions | 416,649 | - | 416,649 |
| Contributions - employer | - | 202,808 | (202,808) |
| Net investment income | - | (31) | 31 |
| Benefit payments, including refunds of member contributions | (202,808) | (202,808) | - |
| Net change | 389,601 | (31) | 389,632 |
| Balance at June 30, 2020 | <u>\$ 3,168,592</u> | <u>\$ 32,320</u> | <u>\$ 3,136,272</u> |

| Education | Increase (Decrease) | | |
|--|-----------------------------|------------------------------------|---------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Education | \$ 8,041,598 | \$ 74,235 | \$ 7,967,363 |
| Service cost | 265,583 | - | 265,583 |
| Interest | 286,970 | - | 286,970 |
| Differences between expected and actual experience | (1,680,612) | - | (1,680,612) |
| Changes in assumptions | (241,267) | - | (241,267) |
| Contributions - employer | - | 217,908 | (217,908) |
| Net investment income | - | 5,425 | (5,425) |
| Benefit payments, including refunds of member contributions | (217,908) | (217,908) | - |
| Administrative expenses | - | (4,247) | 4,247 |
| Net change | (1,587,234) | 1,178 | (1,588,412) |
| Balance at June 30, 2020 | <u>\$ 6,454,364</u> | <u>\$ 75,413</u> | <u>\$ 6,378,951</u> |

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

10. Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

| <u>Net OPEB Liability</u> | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|---------------------------|--------------------|----------------------------------|--------------------|
| Town | <u>\$3,533,998</u> | <u>\$3,136,272</u> | <u>\$2,807,242</u> |
| Education | <u>\$7,288,140</u> | <u>\$6,378,951</u> | <u>\$5,621,947</u> |

11. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

| <u>Net OPEB Liability</u> | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|---------------------------|--------------------|-------------------------------|--------------------|
| Town | <u>\$2,860,833</u> | <u>\$3,136,272</u> | <u>\$3,464,546</u> |
| Education | <u>\$5,402,357</u> | <u>\$6,378,951</u> | <u>\$7,619,124</u> |

12. OPEB expense and deferred outflows of resources related to OPEB

For the fiscal year, the Town recognized OPEB expense of:

| | <u>Town</u> | <u>Education</u> |
|--------------|-------------------|-------------------|
| OPEB expense | <u>\$ 281,838</u> | <u>\$ 434,299</u> |

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

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

| Town Description of Outflows/Inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|--------------------------------------|-------------------------------------|-------------------|
| Differences between expected and actual experience | \$ 438,985 | \$ - | \$ 438,985 |
| Changes in assumptions | 454,596 | (106,923) | 347,673 |
| Net difference between projected and actual earnings on OPEB plan investments | 1,196 | - | 1,196 |
| Total | \$ 894,777 | \$ (106,923) | \$ 787,854 |

| Education Description of Outflows/Inflows | Deferred Outflows of Resources | Deferred Inflows of Resources | Net |
|--|--------------------------------------|-------------------------------------|----------------------|
| Differences between expected and actual experience | \$ 316,264 | \$(1,519,015) | \$(1,202,751) |
| Changes in assumptions | 332,750 | (426,495) | (93,745) |
| Net difference between projected and actual earnings on OPEB plan investments | - | (3,748) | (3,748) |
| Total | \$ 649,014 | \$(1,949,258) | \$(1,300,244) |

Actual investment earnings below (or above) projected earnings are amortized over 5 years for both plans. Experience losses (gains) are amortized over the average remaining service period of actives and inactives, which was:

| Plan | Years |
|--------------------|-------|
| Town | 7.2 |
| Board of Education | 10.4 |

Town of Clinton, Connecticut

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

F. Other post-employment benefit plan (continued)

Amounts reported as deferred outflows (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

| Year Ending June 30, | Town | Board of Education |
|-------------------------|-------------------|-----------------------|
| 2021 | \$ 137,954 | \$ (119,159) |
| 2022 | 137,954 | (119,159) |
| 2023 | 138,048 | (118,222) |
| 2024 | 137,900 | (117,819) |
| 2025 | 143,436 | (117,653) |
| Thereafter | <u>92,562</u> | <u>(708,233)</u> |
| Total | <u>\$ 787,854</u> | <u>\$ (1,300,244)</u> |

G. Connecticut state teachers' retirement board retiree health insurance plan

1. Plan description

Teachers, principals, superintendents or supervisors engaged in service of public schools that are currently receiving a retirement or disability benefit through the Connecticut Teachers' Retirement System are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan ("TRS-RHIP") - a cost sharing multiple-employer defined benefit other post-employment benefit plan administered by the Teachers' Retirement Board ("TRB"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

| | |
|--|---|
| Normal retirement | Age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut |
| Early retirement | 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 |
| Service connected disability service requirement | No service requirement |
| Non-service connected disability service requirement | Five years of credited service |
| Vesting - service | 10 years of service |

Town of Clinton, Connecticut**Notes to Financial Statements
As of and for the Year Ended June 30, 2020****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost.

The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A 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 CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Those participants electing vision, hearing, and/or dental are required by the System's funding policy to pay the full cost of coverage for these benefits, and no liability is assumed by the Plan for these benefits.

Survivor health care coverage

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

3. Contributions**State of Connecticut**

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The State contributions are not currently actuarially funded. The State appropriates from the General Fund one third of the annual costs of the Plan. Administrative costs of the Plan are financed by the State. Based upon Chapter 167a, Subsection D of Section 10-183t of the Connecticut statutes, it is assumed the State will pay for any long-term shortfall arising from insufficient active member contributions.

Town of Clinton, Connecticut

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

G. Connecticut state teachers' retirement board retiree health insurance plan (continued)

Employer (school districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

4. 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:

| | |
|---|----------------------|
| Town's proportionate share of the net OPEB liability | \$ - |
| State's proportionate share of the net OPEB liability associated with the Town | <u>10,387,258</u> |
| Total | <u>\$ 10,387,258</u> |

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The Town has no proportionate share of the net OPEB liability.

The Town recognized OPEB expense and revenue of \$137,790 for on-behalf amounts for the benefits provided by the State.

5. Actuarial methods and significant assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Investment rate of return | 3.00% |
| Inflation | 2.50% |
| Health care cost trend rate | 5.95% decreasing to 4.75% by 2025 |
| Pre-Medicare | 5.00% decreasing to 4.75% by 2028 |
| Medicare | 3.25-6.50%, including inflation |
| Salary increases | |
| Mortality rates | Mortality rates were based on the RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale |
| Year fund net position will be depleted | 2020 |

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

Town of Clinton, Connecticut**Notes to Financial Statements
As of and for the Year Ended June 30, 2020****G. Connecticut state teachers' retirement board retiree health insurance plan (continued)****Changes in assumptions and inputs**

- The discount rate was decreased from 3.87% to 3.50% to reflect the change in the Municipal Bond Index rate.

Additionally, expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on January 1, 2019. Further, the expected rate of inflation was decreased and the Real Wage Growth assumption was increased.

Long-term expected rate of return

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

6. Discount rate

The discount rate used to measure the total OPEB liability was 3.50%. The Municipal Bond Index Rate was used in the determination in the discount rate. 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 no future employer contributions were assumed to be made.

7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate

The Town's proportionate share of the net OPEB liability is \$0 and, therefore, the change in the discount rate would only impact the amount recorded by the State of Connecticut.

8. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

Town of Clinton, Connecticut

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

H. Total OPEB plans

| | Net OPEB Liability | Deferred Outflows of Resources | Deferred Inflows of Resources | OPEB Expense |
|-------------------|---------------------------|--------------------------------------|-------------------------------------|-----------------------|
| Town Education | \$ 3,136,272 6,378,951 | \$ 894,777 649,014 | \$ (106,923) (1,949,258) | \$ 281,838 434,299 |
| Total | <u>\$ 9,515,223</u> | <u>\$ 1,543,791</u> | <u>\$ (2,056,181)</u> | <u>\$ 716,137</u> |

I. Pension and other post-employment benefit plan statements

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

| | Police Pension Plan | Education Non-Certified Pension Plan | Fire Pension Plan | OPEB Plan | Total |
|-----------------------------|---------------------------|---|-------------------------|-------------------|----------------------|
| <u>Assets</u> | | | | | |
| Cash | \$ 402,868 | \$ - | \$ - | \$ - | \$ 402,868 |
| Investments: | | | | | |
| Mutual funds: | | | | | |
| Equity | 396,319 | 897,112 | 64,475 | 82,086 | 1,439,992 |
| Fixed income | 4,711,348 | 512,126 | 34,953 | 24,533 | 5,282,960 |
| Bank money market | 343,135 | 328,770 | 23,364 | 35 | 695,304 |
| U.S. government obligations | - | 765,446 | - | 1,079 | 766,525 |
| Common stock | 8,011,422 | 2,931,306 | - | - | 10,942,728 |
| Corporate bonds | - | 608,107 | - | - | 608,107 |
| Total investments | <u>13,462,224</u> | <u>6,042,867</u> | <u>122,792</u> | <u>107,733</u> | <u>19,735,616</u> |
| Total assets | <u>13,865,092</u> | <u>6,042,867</u> | <u>122,792</u> | <u>107,733</u> | <u>20,138,484</u> |
| <u>Net Position</u> | | | | | |
| Restricted for: | | | | | |
| Pension benefits | 13,865,092 | 6,042,867 | 122,792 | - | 20,030,751 |
| OPEB benefits | - | - | - | 107,733 | 107,733 |
| Total net position | <u>\$ 13,865,092</u> | <u>\$ 6,042,867</u> | <u>\$ 122,792</u> | <u>\$ 107,733</u> | <u>\$ 20,138,484</u> |

Town of Clinton, Connecticut

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

I. Pension and other post-employment benefit plan statements (continued)

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

| | Police Pension Plan | Non-Certified Pension Plan | Fire Pension Plan | OPEB Plan | Total |
|---|-----------------------------|----------------------------------|--------------------------|--------------------------|-----------------------------|
| Additions: | | | | | |
| Contributions: | | | | | |
| Employer Plan members | \$ 968,500 105,260 | \$ 455,549 30,077 | \$ 77,675 - | \$ 420,716 - | \$ 1,922,440 135,337 |
| Total contributions | <u>1,073,760</u> | <u>485,626</u> | <u>77,675</u> | <u>420,716</u> | <u>2,057,777</u> |
| Investment income (loss): | | | | | |
| Net change in fair value of investments | 55,079 | 80,910 | (2,090) | - | 133,899 |
| Interest and dividends | 388,779 | 145,456 | 3,992 | 5,394 | 543,621 |
| Total investment income (loss) | <u>443,858</u> | <u>226,366</u> | <u>1,902</u> | <u>5,394</u> | <u>677,520</u> |
| Less investment expenses | 101,989 | 42,723 | - | - | 144,712 |
| Net investment income (loss) | <u>341,869</u> | <u>183,643</u> | <u>1,902</u> | <u>5,394</u> | <u>532,808</u> |
| Total additions | <u>1,415,629</u> | <u>669,269</u> | <u>79,577</u> | <u>426,110</u> | <u>2,590,585</u> |
| Deductions: | | | | | |
| Benefits | 1,272,823 | 1,119,711 | 56,800 | 420,716 | 2,870,050 |
| Administration | 5,914 | - | - | 4,247 | 10,161 |
| Total deductions | <u>1,278,737</u> | <u>1,119,711</u> | <u>56,800</u> | <u>424,963</u> | <u>2,880,211</u> |
| Changes in net position | 136,892 | (450,442) | 22,777 | 1,147 | (289,626) |
| Net position - July 1, 2019 | <u>13,728,200</u> | <u>6,493,309</u> | <u>100,015</u> | <u>106,586</u> | <u>20,428,110</u> |
| Net position - June 30, 2020 | <u><u>\$ 13,865,092</u></u> | <u><u>\$ 6,042,867</u></u> | <u><u>\$ 122,792</u></u> | <u><u>\$ 107,733</u></u> | <u><u>\$ 20,138,484</u></u> |

Town of Clinton, Connecticut

Notes to Financial Statements
As of and for the Year Ended June 30, 2020**VI. Prior period adjustment and fund reclassification**

Beginning equity balances were restated as follows:

| | Governmental Activities | Other Governmental Funds | Internal Service Funds | Private Purpose Trust Fund |
|---|-------------------------|--------------------------|------------------------|----------------------------|
| Net position as previously reported at June 30, 2019 | \$ 48,087,689 | \$ 1,343,236 | \$ 4,156 | \$ - |
| To reclassify funds to private purpose trust funds | (21,837) | (21,837) | - | 21,837 |
| To reclassify funds to agency funds | (441,540) | (441,540) | - | - |
| To reclassify unavailable revenues relating to loans receivable | - | 282,031 | - | - |
| To record capital asset impairment | (4,675,493) | - | - | - |
| To record equipment financing note | (51,517) | - | - | - |
| To record capital lease payable | (55,638) | - | - | - |
| To record heart and hypertension liability | (87,529) | - | (87,529) | - |
| To record landfill postclosure care costs | (600,000) | - | - | - |
| Net position as restated at July 1, 2019 | <u>\$ 42,154,135</u> | <u>\$ 1,161,890</u> | <u>\$ (83,373)</u> | <u>\$ 21,837</u> |

VII. Subsequent event

The Town entered into a sale agreement for the old Morgan School property on November 7, 2018. The sales price as specified in the sale agreement is \$2,200,000. A \$50,000 nonrefundable deposit is held in escrow. A \$170,000 refundable deposit is also held in escrow. This deposit will only become the Town's funds in the event the purchaser defaults under the sale agreement or at closing. The sale of the property was completed in October 2020.

Required Supplementary Information

| Type | Description |
|---|--|
| Budgetary | Schedule of Revenues and Other Financing Sources - Budget and Actual - General Fund |
| | Schedule of Expenditures and Other Financing Uses - Budget and Actual - General Fund |
| | Notes to Required Supplementary Information - Budgets and Budgetary Accounting |
| <u>Pension Plans</u> Police Education Noncertified Volunteer Firefighters Municipal Employees' Retirement System State Teachers' Retirement System | Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Investment Returns |
| | Schedule of Proportionate Share of the Net Pension Liability |
| | Schedule of Contributions |
| | Notes to Required Supplementary Information |
| | |
| <u>Other Post-Employment Benefits Plans</u> Town Education State Teacher's Retirement Board Retiree Health Insurance Plan | Schedule of Changes in Net OPEB Liability and Related Ratios and Schedule of Investment Returns |
| | Schedule of Proportionate Share of the Net OPEB Liability |
| | Schedule of Contributions |
| | Notes to Required Supplementary Information |
| | |

Town of Clinton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For The Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|-------------------|---|-------------------|-------------------|----------------------------|
| Property taxes: | | | | | |
| Current taxes | \$ 47,293,729 | \$ - | \$ 47,293,729 | \$ 47,445,190 | \$ 151,461 |
| Tax interest/liens/fees | 140,000 | - | 140,000 | 164,663 | 24,663 |
| Prior years' levies | 175,000 | - | 175,000 | 184,712 | 9,712 |
| Supplemental motor vehicle | 300,000 | - | 300,000 | 405,184 | 105,184 |
| Telephone access lines | - | - | - | 22,790 | 22,790 |
| Total property taxes | 47,908,729 | - | 47,908,729 | 48,222,539 | 313,810 |
| Intergovernmental revenues: | | | | | |
| General government: | | | | | |
| State of Connecticut and Federal Government: | | | | | |
| Town aid road | 267,626 | - | 267,626 | 267,253 | (373) |
| Totally disabled persons | 1,000 | - | 1,000 | 1,021 | 21 |
| Tax relief elderly | 2,000 | - | 2,000 | 2,000 | - |
| Property tax relief veterans | 15,299 | - | 15,299 | 22,750 | 7,451 |
| State miscellaneous | 15,000 | - | 15,000 | 48,772 | 33,772 |
| Grants for municipal projects | 191,674 | - | 191,674 | 191,674 | - |
| Local capital improvement | 84,033 | - | 84,033 | 84,049 | 16 |
| State property grant | 16,949 | - | 16,949 | 16,949 | - |
| Municipal stabilization grant | 288,473 | - | 288,473 | 288,473 | - |
| Coronavirus relief act | - | - | - | 24,554 | 24,554 |
| FEMA flash flood 918 | - | - | - | 34,260 | 34,260 |
| FEMA Sandy grant | - | - | - | 916,539 | 916,539 |
| FEMA COVID 19 public health emergency | - | - | - | 39,468 | 39,468 |
| Total general government | 882,054 | - | 882,054 | 1,937,762 | 1,055,708 |
| Education: | | | | | |
| State of Connecticut and Federal Government: | | | | | |
| Education cost sharing | 4,933,814 | - | 4,933,814 | 5,467,959 | 534,145 |
| Adult education | 30,471 | - | 30,471 | - | (30,471) |
| Special education | 280,000 | - | 280,000 | 368,071 | 88,071 |
| Total education | 5,244,285 | - | 5,244,285 | 5,836,030 | 591,745 |
| Total intergovernmental revenues | 6,126,339 | - | 6,126,339 | 7,773,792 | 1,647,453 |
| Charges for services: | | | | | |
| General government: | | | | | |
| WSAM trust | 36,000 | - | 36,000 | 44,554 | 8,554 |
| WSAM rentals | 4,000 | - | 4,000 | 5,385 | 1,385 |
| Boat moorings/launch pass | 105,000 | - | 105,000 | 122,510 | 17,510 |
| Z.B.A. fees | 4,000 | - | 4,000 | 6,044 | 2,044 |
| Planning and zoning fees | 15,000 | - | 15,000 | 6,680 | (8,320) |
| Park and recreation passes | 25,000 | - | 25,000 | 22,623 | (2,377) |
| Real estate conveyance tax | 170,000 | - | 170,000 | 239,333 | 69,333 |
| Building fees | 175,000 | - | 175,000 | 221,909 | 46,909 |
| Town property rentals | 30,000 | - | 30,000 | 25,198 | (4,802) |
| Transfer station | 53,000 | - | 53,000 | 61,258 | 8,258 |

(Continued)

Town of Clinton, Connecticut

Required Supplementary Information

General Fund
Schedule of Revenues and Other Financing Sources -
Budget and Actual
For The Year Ended June 30, 2020

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|--|--------------------|---|-------------------|-------------------|-------------------------------------|
| Charges for services (continued): | | | | | |
| Scrap metal fees | \$ 10,000 | \$ - | \$ 10,000 | \$ 10,432 | \$ 432 |
| Dog boarding fees | 200 | - | 200 | 45 | (155) |
| Inland/wetland fees | 3,000 | - | 3,000 | 2,505 | (495) |
| Miscellaneous | 52,117 | - | 52,117 | 43,989 | (8,128) |
| Police miscellaneous | 14,000 | - | 14,000 | 8,561 | (5,439) |
| Contracted police services | - | - | - | 73,875 | 73,875 |
| Town Clerk fees | 80,000 | - | 80,000 | 119,476 | 39,476 |
| Vitals | 12,000 | - | 12,000 | 13,707 | 1,707 |
| CIRMA | 10,000 | - | 10,000 | 79,319 | 69,319 |
| Total charges for services | 798,317 | - | 798,317 | 1,107,403 | 309,086 |
| Income from investments | 45,000 | - | 45,000 | 116,689 | 71,689 |
| Total revenues | 54,878,385 | - | 54,878,385 | 57,220,423 | 2,342,038 |
| Other financing sources: | | | | | |
| Appropriation of fund balance | 250,000 | 248,750 | 498,750 | - | (498,750) |
| Sale of capital assets | - | - | - | 5,266 | 5,266 |
| Total other financing sources | 250,000 | 248,750 | 498,750 | 5,266 | (493,484) |
| Total revenues and other financing sources | \$ 55,128,385 | \$ 248,750 | \$ 55,377,135 | \$ 57,225,689 | \$ 1,848,554 |

(Concluded)

Town of Clinton, Connecticut

Required Supplementary Information

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

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|------------------------------------|--------------------|---|------------------|------------------|-------------------------------------|
| General government: | | | | | |
| First selectman/town manager | \$ 196,369 | \$ 24,877 | \$ 221,246 | \$ 221,246 | \$ - |
| Secretarial for boards/commissions | 14,000 | - | 14,000 | 7,620 | 6,380 |
| Town counsel | 57,000 | - | 57,000 | 57,000 | - |
| Insurance | 380,310 | 4,074 | 384,384 | 384,384 | - |
| Worker's compensation | 421,298 | (3,502) | 417,796 | 367,294 | 50,502 |
| Audit and accounting | 50,000 | 2,835 | 52,835 | 52,835 | - |
| Annual town report | 8,000 | - | 8,000 | 5,610 | 2,390 |
| Social security | 525,000 | (13,569) | 511,431 | 494,194 | 17,237 |
| Copy equipment and supplies | 15,750 | - | 15,750 | 9,660 | 6,090 |
| Holiday activities | 500 | - | 500 | 493 | 7 |
| Electricity | 231,000 | - | 231,000 | 196,375 | 34,625 |
| Heat/hot water | 140,000 | - | 140,000 | 120,871 | 19,129 |
| Health/life insurance | 1,954,997 | (54,104) | 1,900,893 | 1,900,893 | - |
| Unemployment compensation | 5,000 | 15,037 | 20,037 | 20,037 | - |
| Travel expense | 1,000 | - | 1,000 | - | 1,000 |
| Miscellaneous administrative | 21,117 | - | 21,117 | 21,117 | - |
| Pension plan police | 983,500 | 7,166 | 990,666 | 990,666 | - |
| Pension plan other | 493,584 | - | 493,584 | 474,852 | 18,732 |
| Pension plan fire | 112,046 | 7,492 | 119,538 | 119,538 | - |
| Union negotiator | 50,000 | - | 50,000 | 17,355 | 32,645 |
| Land records index audit | 1,500 | - | 1,500 | 1,227 | 273 |
| Employee life insurance | 1,300 | - | 1,300 | 513 | 787 |
| Other legal fees | 90,000 | (21,946) | 68,054 | 43,646 | 24,408 |
| Legal ads | 25,000 | - | 25,000 | 18,611 | 6,389 |
| Special events | 7,000 | - | 7,000 | 3,534 | 3,466 |
| Bank fees | 18,000 | - | 18,000 | 854 | 17,146 |
| Board of assessment appeals | 300 | - | 300 | 23 | 277 |
| Finance | 342,902 | - | 342,902 | 341,145 | 1,757 |
| Elections and meetings | 36,154 | - | 36,154 | 27,186 | 8,968 |
| Town clerk | 148,048 | - | 148,048 | 138,751 | 9,297 |
| Assessor | 188,656 | 4,911 | 193,567 | 193,367 | 200 |
| Tax collector | 163,466 | - | 163,466 | 154,131 | 9,335 |
| Probate | 4,524 | - | 4,524 | 4,524 | - |
| WSAM maintenance | 165,662 | 2,663 | 168,325 | 168,325 | - |
| Technology | 389,436 | - | 389,436 | 366,880 | 22,556 |
| Other | 341,437 | (21,827) | 319,610 | 194,851 | 124,759 |
| Total general government | <u>7,583,856</u> | <u>(45,893)</u> | <u>7,537,963</u> | <u>7,119,608</u> | <u>418,355</u> |
| Public safety: | | | | | |
| Communications | 605,904 | 53,760 | 659,664 | 659,662 | 2 |
| Fire department | 335,000 | - | 335,000 | 316,293 | 18,707 |
| Fire marshal | 58,700 | - | 58,700 | 55,004 | 3,696 |
| Police | 2,818,915 | (16,268) | 2,802,647 | 2,788,860 | 13,787 |
| Animal control | 59,882 | (5,418) | 54,464 | 54,041 | 423 |
| Civil preparedness | 15,500 | - | 15,500 | 6,780 | 8,720 |
| Water and hydrants | 466,500 | - | 466,500 | 451,581 | 14,919 |
| Street lighting | 126,000 | - | 126,000 | 119,619 | 6,381 |
| Total public safety | <u>4,486,401</u> | <u>32,074</u> | <u>4,518,475</u> | <u>4,451,840</u> | <u>66,635</u> |

(Continued)

Town of Clinton, Connecticut

Required Supplementary Information

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

| | Original Budget | Additional Appropriations and Transfers | Final Budget | Actual | Variance With Final Budget |
|---|-----------------------------|---|-----------------------------|-----------------------------|-------------------------------------|
| Public works | <u>\$ 1,893,028</u> | <u>\$ (2,663)</u> | <u>\$ 1,890,365</u> | <u>\$ 1,765,138</u> | <u>\$ 125,227</u> |
| Planning and development: | | | | | |
| Economic development | 42,000 | - | 42,000 | 30,730 | 11,270 |
| Inland/wetland | 71,639 | - | 71,639 | 65,451 | 6,188 |
| Planning and zoning | 175,838 | - | 175,838 | 154,893 | 20,945 |
| Zoning board of appeals | 2,800 | - | 2,800 | 334 | 2,466 |
| Building department | 121,068 | 4,894 | 125,962 | 125,962 | - |
| Total planning and development | <u>413,345</u> | <u>4,894</u> | <u>418,239</u> | <u>377,370</u> | <u>40,869</u> |
| Culture and recreation: | | | | | |
| Parks and recreation department | 232,754 | - | 232,754 | 196,171 | 36,583 |
| Harbor commission | 43,007 | - | 43,007 | 41,090 | 1,917 |
| Shellfish commission | 16,732 | - | 16,732 | 16,732 | - |
| Library | 759,820 | - | 759,820 | 759,820 | - |
| Total culture and recreation | <u>1,052,313</u> | <u>-</u> | <u>1,052,313</u> | <u>1,013,813</u> | <u>38,500</u> |
| Health and welfare: | | | | | |
| Water pollution control | 73,359 | - | 73,359 | 39,445 | 33,914 |
| Regional health district | 147,753 | 2 | 147,755 | 147,755 | - |
| Human services | 261,181 | 11,580 | 272,761 | 272,761 | - |
| Total health and welfare | <u>482,293</u> | <u>11,582</u> | <u>493,875</u> | <u>459,961</u> | <u>33,914</u> |
| Education | <u>32,961,487</u> | <u>(667,209)</u> | <u>32,294,278</u> | <u>31,819,929</u> | <u>474,349</u> |
| Debt service | <u>5,101,411</u> | <u>6</u> | <u>5,101,417</u> | <u>5,101,417</u> | <u>-</u> |
| Total expenditures | <u>53,974,134</u> | <u>(667,209)</u> | <u>53,306,925</u> | <u>52,109,076</u> | <u>1,197,849</u> |
| Other financing uses: | | | | | |
| Transfers to other funds: | | | | | |
| Education nonlapsing fund | - | 667,209 | 667,209 | 667,209 | - |
| Capital projects fund | 1,154,251 | 248,750 | 1,403,001 | 1,403,001 | - |
| Total other financing uses | <u>1,154,251</u> | <u>915,959</u> | <u>2,070,210</u> | <u>2,070,210</u> | <u>-</u> |
| Total expenditures and other financing uses | <u><u>\$ 55,128,385</u></u> | <u><u>\$ 248,750</u></u> | <u><u>\$ 55,377,135</u></u> | <u><u>\$ 54,179,286</u></u> | <u><u>\$ 1,197,849</u></u> |

(Concluded)

| <u>Reconciliation to Exhibit D</u> | <u>Revenues</u> | <u>Expenditures</u> |
|--|-----------------------------|-----------------------------|
| Budgetary Basis - RSI-1 | \$ 57,220,423 | \$ 52,109,076 |
| Prior year encumbrances liquidated in the current year | - | 320,965 |
| State Teachers' pension on behalf amount | 5,041,563 | 5,041,563 |
| State Teachers' OPEB on behalf amount | 137,790 | 137,790 |
| GAAP Basis - Exhibit D | <u><u>\$ 62,399,776</u></u> | <u><u>\$ 57,609,394</u></u> |

Town of Clinton, Connecticut

**Notes to Required Supplementary Information
For the Year Ended June 30, 2020**

Budgets and Budgetary Accounting

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

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

This budget is adopted on a basis consistent with generally accepted accounting principles (modified accrual basis) with the following exceptions:

1. The Town does not budget for as revenue or expenditures payments made for the State Teachers' pension and OPEB by the State of Connecticut on the Town's behalf.
2. Encumbrances are recognized as valid and proper charges against budget appropriations in the year in which the purchase order is issued and, accordingly, encumbrances outstanding at year-end are reflected in budgetary reports as expenditures in the current year but are shown as an assigned fund balance on a GAAP basis.
3. Certain funds that are required to be reported as part of the general fund under the requirement of GASB No. 54.

Every department, office, board, commission, agency or authority shall present to the Town Manager an itemized estimate of the expenditures to be made, and all revenues, other than Town appropriation to be received during the ensuing fiscal year. The Town Manager shall hold a hearing with each department, office, board, commission or agency on the proposed budget. The Town Manager shall then present the proposed budget to the Town Council. The Town Council shall then revise the estimates as it deems desirable and shall complete the proposed budget for the ensuing fiscal year and its report. The Town Council shall hold one or more public hearings on the proposed budget not less than fourteen (14) days before the Annual Budget Meeting.

The Annual Budget Meeting shall be held no later than the first Wednesday in May. The Annual Budget Meeting shall be adjourned to referendum.

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

The Town Manager may make special appropriations from cash surplus or the contingency account in the amounts not to exceed in total for that department, office board, commission or agency, fifty thousand (\$50,000) dollars. Any request which shall exceed the \$50,000 shall require a vote of the Town Meeting after the approval of the Town Council. Special appropriations other than those from cash surplus or from the contingency account may be acted upon only by a Town Meeting, after the approval of the Town Council. The Town Manager, upon appropriate request, and recommendation of the Town Council, may transfer unexpended balances from one appropriation to another. Transfer of appropriations of amounts up to \$500 within a department can be done by Department Heads with the approval of the Finance Director. A referendum shall be required for any resolution appropriating an amount over \$300,000.

The Board of Education is authorized under state law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval and, if over \$50,000, Town Meeting approval.

Additional appropriations for the fiscal year amounted to \$248,750.

Town of Clinton, Connecticut

Required Supplementary Information

Police Pension Plan
Last Seven Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Schedule of Changes in Net Pension Liability and Related Ratios | | | | | | | |
| Total pension liability: | | | | | | | |
| Service cost | \$ 275,916 | \$ 304,942 | \$ 285,054 | \$ 256,440 | \$ 252,737 | \$ 241,854 | \$ 175,184 |
| Interest | 1,566,046 | 1,554,696 | 1,513,585 | 1,455,432 | 1,421,707 | 1,369,272 | 1,339,105 |
| Differences between expected and actual experience | (54,966) | (7,512) | (52,663) | (238,824) | (82,608) | (302,810) | - |
| Changes in assumptions | 153,963 | (187,402) | 336,844 | 407,900 | 368,968 | 313,857 | - |
| Benefit payments, including refunds of member contributions | (1,272,823) | (1,124,618) | (1,175,171) | (1,113,627) | (968,584) | (952,996) | (982,131) |
| Net change in total pension liability | 668,136 | 540,106 | 907,649 | 767,321 | 992,220 | 669,177 | 532,158 |
| Total pension liability - July 1 | 21,665,878 | 21,125,772 | 20,218,123 | 19,450,802 | 18,458,582 | 17,789,405 | 17,257,247 |
| Total pension liability - June 30 (a) | <u>\$22,334,014</u> | <u>\$21,665,878</u> | <u>\$21,125,772</u> | <u>\$20,218,123</u> | <u>\$19,450,802</u> | <u>\$18,458,582</u> | <u>\$17,789,405</u> |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | \$ 968,500 | \$ 989,650 | \$ 939,773 | \$ 888,373 | \$ 904,253 | \$ 975,000 | \$ 969,323 |
| Contributions - member | 105,260 | 109,844 | 114,400 | 112,111 | 111,878 | 110,416 | 99,909 |
| Net investment income (loss) | 341,869 | 852,996 | 851,530 | 872,780 | (60,852) | 356,949 | 1,656,511 |
| Benefit payments, including refunds of member contributions | (1,272,823) | (1,124,618) | (1,175,171) | (1,113,627) | (968,584) | (952,996) | (982,131) |
| Administration expenses | (5,914) | (2,259) | (3,011) | (3,011) | (1,211) | (351) | (122,889) |
| Net change in plan fiduciary net position | 136,892 | 825,613 | 727,521 | 756,626 | (14,516) | 489,018 | 1,620,723 |
| Plan fiduciary net position - July 1 | 13,728,200 | 12,902,587 | 12,175,066 | 11,418,440 | 11,432,956 | 10,943,938 | 9,323,215 |
| Plan fiduciary net position - June 30 (b) | <u>\$13,865,092</u> | <u>\$13,728,200</u> | <u>\$12,902,587</u> | <u>\$12,175,066</u> | <u>\$11,418,440</u> | <u>\$11,432,956</u> | <u>\$10,943,938</u> |
| Net pension liability (asset) - June 30 (a)-(b) | <u>\$ 8,468,922</u> | <u>\$ 7,937,678</u> | <u>\$ 8,223,185</u> | <u>\$ 8,043,057</u> | <u>\$ 8,032,362</u> | <u>\$ 7,025,626</u> | <u>\$ 6,845,467</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 62.08% | 63.36% | 61.08% | 60.22% | 58.70% | 61.94% | 61.52% |
| Covered payroll | <u>\$ 1,453,045</u> | <u>\$ 1,574,484</u> | <u>\$ 2,290,000</u> | <u>\$ 2,130,000</u> | <u>\$ 1,910,000</u> | <u>\$ 1,880,000</u> | <u>\$ 2,062,000</u> |
| Net pension liability as a percentage of covered payroll | <u>582.84%</u> | <u>504.14%</u> | <u>359.09%</u> | <u>377.61%</u> | <u>420.54%</u> | <u>373.70%</u> | <u>331.98%</u> |
| Schedule of Investment Returns | | | | | | | |
| Annual money weighted rate of return, net of investment expense | 2.23% | 6.67% | 6.78% | 7.44% | (0.51%) | 3.28% | 15.72% |

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

Town of Clinton, Connecticut

Required Supplementary Information

Police Pension Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contributions | \$ 968,500 | \$ 989,650 | \$ 939,773 | \$ 888,373 | \$ 904,253 | \$ 1,023,233 | \$ 969,323 | \$ 836,845 | \$ 700,749 | \$ 681,644 |
| Contributions in relation to the actuarially determined contribution | 968,500 | 989,650 | 939,773 | 888,373 | 904,253 | 975,000 | 969,323 | 836,845 | 700,749 | 681,644 |
| Contribution excess (deficiency) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (48,233) | \$ - | \$ - | \$ - | \$ - |
| Covered payroll | \$ 1,453,045 | \$ 1,574,484 | \$ 2,290,000 | \$ 2,130,000 | \$ 1,880,000 | \$ 1,880,000 | \$ 2,062,000 | \$ 1,973,000 | \$ 1,868,000 | \$ 1,807,100 |
| Contributions as a percentage of covered payroll | 66.65% | 62.86% | 41.04% | 41.71% | 48.10% | 51.86% | 47.01% | 42.41% | 37.51% | 37.72% |

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Police Pension Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--|--|--|--|--|--|--|--|--|--|
| Changes of Benefit Terms | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2018 | July 1, 2018 | July 1, 2017 | July 1, 2016 | July 1, 2014 | July 1, 2013 | July 1, 2013 | July 1, 2012 | July 1, 2010 | July 1, 2009 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial Cost Method | Projected unit credit |
| Amortization Method | Level percent, open | Level dollar, open | Level dollar, open | Level dollar, open |
| Asset Valuation Method | 5 year smoothing |
| Inflation | 2.60% | 2.60% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Salary Increases | 4.10% | 4.10% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| Investment Rate of Return (Net) | 7.35% | 7.35% | 7.45% | 7.60% | 7.60% | 7.90% | 7.90% | 8.00% | 8.00% | 8.00% |
| Cost of Living Adjustments | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants | 0.00%-3.00% for bargaining participants, 4% for nonbargaining participants |
| Mortality Rate | RP-2000 Mortality Table projected to the valuation date with MP-2018 | RP-2000 Mortality Table projected to the valuation date with MP-2018 | RP-2000 Healthy Annuitant |

Town of Clinton, Connecticut

Required Supplementary Information

Education Noncertified Pension Plan

Last Seven Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------|------|------|------|------|------|------|
|--|------|------|------|------|------|------|------|

Schedule of Changes in Net Pension Liability and Related Ratios

Total pension liability:

| | | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Service cost | \$ 249,985 | \$ 266,106 | \$ 268,759 | \$ 210,040 | \$ 207,198 | \$ 209,221 | \$ 203,970 |
| Interest | 505,619 | 574,316 | 538,295 | 495,999 | 479,608 | 463,913 | 420,324 |
| Changes in benefit terms | - | - | - | - | (405) | - | - |
| Differences between expected and actual experience | 55,796 | (264,680) | 83,394 | 233,092 | (114,250) | 105,599 | - |
| Changes in assumptions | 446,537 | (280,109) | - | - | - | - | - |
| Benefit payments, including refunds of member contributions | (1,119,711) | (303,317) | (440,753) | (348,066) | (559,329) | (112,752) | (112,021) |
| Net change in total pension liability | 138,226 | (7,684) | 449,695 | 591,065 | 12,822 | 665,981 | 512,273 |
| Total pension liability - July 1 | 8,079,825 | 8,087,509 | 7,637,814 | 7,046,749 | 7,033,927 | 6,367,946 | 5,855,673 |
| Total pension liability - June 30 (a) | <u>\$8,218,051</u> | <u>\$8,079,825</u> | <u>\$8,087,509</u> | <u>\$7,637,814</u> | <u>\$7,046,749</u> | <u>\$7,033,927</u> | <u>\$6,367,946</u> |

101

Plan fiduciary net position:

| | | | | | | | |
|---|-------------|------------|------------|------------|------------|------------|------------|
| Contributions - employer | \$ 455,549 | \$ 475,883 | \$ 388,123 | \$ 343,307 | \$ 348,370 | \$ 330,777 | \$ 320,033 |
| Contributions - member | 30,077 | 33,289 | 36,012 | 35,515 | 34,712 | 34,457 | 25,247 |
| Net investment income (loss) | 183,643 | 631,785 | 305,061 | 445,752 | 55,529 | 50,464 | 326,477 |
| Benefit payments, including refunds of member contributions | (1,119,711) | (303,317) | (440,753) | (348,066) | (559,329) | (112,752) | (112,021) |
| Administration expenses | - | - | - | - | - | - | (26,488) |

Net change in plan fiduciary net position

| | | | | | | | |
|---|-----------|---------|---------|---------|-----------|---------|---------|
| Net change in plan fiduciary net position | (450,442) | 837,640 | 288,443 | 476,508 | (120,718) | 302,946 | 533,248 |
|---|-----------|---------|---------|---------|-----------|---------|---------|

Plan fiduciary net position - July 1

| | | | | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Plan fiduciary net position - July 1 | 6,493,309 | 5,655,669 | 5,367,226 | 4,890,718 | 5,011,436 | 4,708,490 | 4,175,242 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

Plan fiduciary net position - June 30 (b)

| | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net pension liability - June 30 (a)-(b) | \$6,042,867 | \$6,493,309 | \$5,655,669 | \$5,367,226 | \$4,890,718 | \$5,011,436 | \$4,708,490 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

Net pension liability - June 30 (a)-(b)

| | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| Plan fiduciary net position as a percentage of the total pension liability | 73.53% | 80.36% | 69.93% | 70.27% | 69.40% | 71.25% | 73.94% |
|--|--------|--------|--------|--------|--------|--------|--------|

Covered payroll

| | | | | | | | |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Covered payroll | \$ 3,097,677 | \$ 3,254,796 | \$ 2,635,586 | \$ 2,479,000 | \$ 2,521,878 | \$ 2,441,982 | \$ 2,540,000 |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

Covered payroll

| | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|
| Net pension liability as a percentage of covered payroll | 70.22% | 48.74% | 92.27% | 91.59% | 85.49% | 82.82% | 65.33% |
|--|--------|--------|--------|--------|--------|--------|--------|

Schedule of Investment Returns

| | | | | | | | |
|---|-------|--------|-------|-------|-------|-------|-------|
| Annual money weighted rate of return, net of investment expense | 3.05% | 10.92% | 5.61% | 8.91% | 1.11% | 1.02% | 6.75% |
|---|-------|--------|-------|-------|-------|-------|-------|

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

Town of Clinton, Connecticut

Required Supplementary Information

Education Noncertified Pension Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contributions | \$ 455,549 | \$ 475,883 | \$ 388,123 | \$ 343,307 | \$ 348,370 | \$ 330,777 | \$ 320,033 | \$ 305,861 | \$ 295,024 | \$ 299,083 |
| Contributions in relation to the actuarially determined contribution | 455,549 | 475,883 | 388,123 | 343,307 | 348,370 | 330,777 | 320,033 | 305,861 | 300,000 | 300,000 |
| Contribution excess (deficiency) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,976 | \$ 917 |
| Covered payroll | \$ 3,097,677 | \$ 3,254,796 | \$ 2,635,586 | \$ 2,479,191 | \$ 2,521,878 | \$ 2,441,982 | \$ 2,539,661 | \$ 2,292,629 | \$ 2,152,690 | \$ 2,133,017 |
| Contributions as a percentage of covered payroll | 14.71% | 14.62% | 14.73% | 13.85% | 13.81% | 13.55% | 12.60% | 13.34% | 13.94% | 14.06% |

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Education Noncertified Pension Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--|--|--|--|--|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Changes of Benefit Terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2018 | July 1, 2018 | July 1, 2016 | July 1, 2016 | July 1, 2015 | July 1, 2014 | July 1, 2012 | July 1, 2011 | July 1, 2010 | July 1, 2009 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial Cost Method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Entry age normal |
| Amortization Method | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed |
| Asset Valuation Method | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing | 5 year smoothing |
| Inflation | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary Increases | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Investment Rate of Return (Net) | 6.50% | 6.50% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% | 7.00% |
| Mortality Rate | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant | RP-2000 Healthy Annuitant |

Town of Clinton, Connecticut
Required Supplementary Information
Volunteer Firefighters' Pension Plan
Last Four Years (1)

| | 2020 | 2019 | 2018 | 2017 |
|---|-------------------|-------------------|-------------------|-------------------|
| <u>Schedule of Changes in Net Pension Liability and Related Ratios</u> | | | | |
| Total pension liability: | | | | |
| Service cost | \$ 12,582 | \$ 12,107 | \$ 11,817 | \$ 11,501 |
| Interest | 63,568 | 64,161 | 62,440 | 60,417 |
| Differences between expected and actual experience | - | (29,183) | - | - |
| Changes in assumptions | - | 32,383 | - | - |
| Benefit payments, including refunds of member contributions | <u>(56,800)</u> | <u>(52,800)</u> | <u>(47,200)</u> | <u>(39,600)</u> |
| Net change in total pension liability | 19,350 | 26,668 | 27,057 | 32,318 |
| Total pension liability - July 1 | <u>957,109</u> | <u>930,441</u> | <u>903,384</u> | <u>871,066</u> |
| Total pension liability - June 30 (a) | <u>\$ 976,459</u> | <u>\$ 957,109</u> | <u>\$ 930,441</u> | <u>\$ 903,384</u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | \$ 77,675 | \$ 77,746 | \$ 77,421 | \$ 77,105 |
| Net investment income (loss) | 1,902 | 3,765 | 3,578 | - |
| Benefit payments, including refunds of member contributions | <u>(56,800)</u> | <u>(52,800)</u> | <u>(47,200)</u> | <u>(39,600)</u> |
| Net change in plan fiduciary net position | 22,777 | 28,711 | 33,799 | 37,505 |
| Plan fiduciary net position - July 1 | <u>100,015</u> | <u>71,304</u> | <u>37,505</u> | <u>-</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 122,792</u> | <u>\$ 100,015</u> | <u>\$ 71,304</u> | <u>\$ 37,505</u> |
| Net pension liability - June 30 (a)-(b) | <u>\$ 853,667</u> | <u>\$ 857,094</u> | <u>\$ 859,137</u> | <u>\$ 865,879</u> |
| Plan fiduciary net position as a percentage of the total pension liability | <u>12.58%</u> | <u>10.45%</u> | <u>7.66%</u> | <u>4.15%</u> |
| Covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Net pension liability as a percentage of covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| <u>Schedule of Investment Returns</u> | | | | |
| Annual money weighted rate of return, net of investment expense | <u>1.31%</u> | <u>5.17%</u> | <u>4.77%</u> | <u>0.00%</u> |

(1) These schedules are intended to present information for 10 years. The Plan was established July 1, 2016.
Additional years will be presented as they become available.

N/A - Not applicable, all participants are volunteers

Town of Clinton, Connecticut

Required Supplementary Information

Volunteer Firefighters' Pension Plan
Schedule of Contributions
Last Four Years (1)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 77,675 | \$ 77,746 | \$ 77,421 | \$ 77,105 |
| Contributions in relation to the actuarially determined contribution | <u>77,675</u> | <u>77,746</u> | <u>77,421</u> | <u>77,105</u> |
| Contribution excess (deficiency) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |
| Contributions as a percentage of covered payroll | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

(1) These schedules are intended to present information for 10 years. The Plan was established July 1, 2016.
 Additional years will be presented as they become available.

N/A - Not applicable, all participants are volunteers

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Volunteer Firefighters' Pension Plan
Schedule of Contributions
Last Four Years (1)

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| Changes of Benefit Terms | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2018 | July 1, 2018 | July 1, 2017 | July 1, 2016 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | |
| Actuarial Cost Method | Entry age normal | Entry age normal | Entry age normal | Entry age normal |
| Amortization Method | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed |
| Asset Valuation Method | Fair value | Fair value | Fair value | Fair value |
| Inflation | 2.60% | 2.60% | 2.75% | 2.75% |
| Investment Rate of Return (Net) | 6.75% | 6.75% | 7.00% | 7.00% |
| Mortality Rate | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018 | RP-2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2018 | RP-2000 Healthy Annuitant Mortality Table for Males or Females, with adjustments for mortality improvements based on Scale AA | RP-2000 Healthy Annuitant Mortality Table for Males or Females, with adjustments for mortality improvements based on Scale AA |

(1) These schedules are intended to present information for 10 years. The Plan was established July 1, 2016. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Last Six Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>Schedule of Proportionate Share of the Net Pension Liability</u> | | | | | | |
| Town's proportion of the net pension liability | 1.263303% | 1.145480% | 1.274280% | 1.274280% | 1.209329% | 1.209329% |
| Town's proportionate share of the net pension liability | \$4,662,615 | \$4,380,989 | \$2,106,396 | \$2,501,124 | \$1,655,702 | \$1,224,011 |
| Town's covered payroll | N/A | \$3,224,309 | \$2,953,153 | \$3,033,381 | \$2,683,572 | \$2,923,589 |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | N/A | 135.87% | 71.33% | 82.45% | 61.70% | 41.87% |
| 107 Total plan fiduciary net position as a percentage of the total pension liability | 72.69% | 73.60% | 91.68% | 88.29% | 92.72% | 90.48% |
| <u>Schedule of Contributions</u> | | | | | | |
| Contractually required contribution | \$ 395,324 | \$ 420,481 | \$ 422,399 | \$ 427,538 | \$ 404,001 | \$ 350,246 |
| Contributions in relation to the contractually required contribution | 395,324 | 420,481 | 422,399 | 427,538 | 404,001 | 350,246 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered payroll | N/A | \$3,224,309 | \$2,953,153 | \$3,033,381 | \$2,683,572 | \$2,923,589 |
| Contributions as a percentage of covered payroll | N/A | 13.04% | 14.30% | 14.09% | 15.05% | 11.98% |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

N/A - Not available.

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Connecticut Municipal Employees' Retirement System
Schedule of Contributions
Last Six Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--|--|--|--|--|--|
| Changes of Benefit Terms | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2019 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | |
| Actuarial Cost Method | Entry age |
| Amortization Method | Level dollar, closed |
| Remaining Amortization Period | 21 years | 21 years | 23 years | 23 years | 27 years | 27 years |
| Asset Valuation Method | 5 year smoothing |
| Inflation | 2.50% | 2.50% | 3.25% | 3.25% | 3.25% | 3.25% |
| Salary Increases | 3.50%-10.00%, average, including inflation | 3.50%-10.00%, average, including inflation | 4.25%-11.00%, average, including inflation |
| Cost-of-Living Adjustments | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards | After January 1, 2002, 2.5% minimum Prior to January 1, 2002, 2.5% up to age 65. 3.25% afterwards |
| Social Security Wage Base | 3.00% | 3.00% | 3.50% | 3.50% | 3.50% | 3.50% |
| Investment Rate of Return (Net) | 7.00% | 7.00% | 8.00% | 8.00% | 8.00% | 8.00% |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Clinton, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement System
Last Six Years (3)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Schedule of Proportionate Share of the Net Pension Liability</u> | | | | | | |
| Town's proportion of the net pension liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town's proportionate share of the net pension liability | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the net pension liability associated with the Town | 66,603,926 | 51,355,496 | 54,241,013 | 57,224,684 | 44,023,030 | 40,690,469 |
| Total | <u>\$ 66,603,926</u> | <u>\$ 51,355,496</u> | <u>\$ 54,241,013</u> | <u>\$ 57,224,684</u> | <u>\$ 44,023,030</u> | <u>\$ 40,690,469</u> |
| Town's covered payroll | (2) | (2) | (2) | (2) | (2) | (2) |
| Town's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.00% | 57.69% | 55.93% | 52.26% | 59.50% | 61.51% |
| <u>Schedule of Contributions</u> | | | | | | |
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| Contractually required contribution (1) | - | - | - | - | - | - |
| Contributions in relation to the contractually required contribution | - | - | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered payroll | (2) | (2) | (2) | (2) | (2) | (2) |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net pension liability

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

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement System
Schedule of Contributions
Last Six Years (1)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|--|--|--|--|---|---|
| Changes of Benefit Terms | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2018 | June 30, 2018 | June 30, 2016 | June 30, 2016 | June 30, 2014 | June 30, 2014 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | |
| Actuarial Cost Method | Entry age normal | Entry age normal |
| Amortization Method | Level percent of salary, closed | Level percent of salary, closed |
| Remaining Amortization Period | 17.6 years | 17.6 years | 23 years | 20.4 years | 21.4 years | 22.4 years |
| Asset Valuation Method | 4 year smoothing | 4 year smoothing |
| Inflation | 2.50% | 2.75% | 2.75% | 2.75% | 3.00% | 3.00% |
| Salary Increases | 3.25%-6.50%, average, including inflation | 3.75%-7.00%, average, including inflation | 3.75%-7.00%, average, including inflation |
| Investment Rate of Return (Net) | 6.90% | 8.00% | 8.00% | 8.00% | 8.50% | 8.50% |
| Mortality | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale | RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries | RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries |

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Town Other Post-Employment Benefit (OPEB) Plan
Last Four Years (1)

| | 2020 | 2019 | 2018 | 2017 |
|--|--------------------|--------------------|--------------------|--------------------|
| <u>Schedule of Changes in Net OPEB Liability and Related Ratios</u> | | | | |
| Total OPEB liability: | | | | |
| Service cost | \$ 49,276 | \$ 53,141 | \$ 58,178 | \$ 51,515 |
| Interest | 95,744 | 83,526 | 83,315 | 90,271 |
| Differences between expected and actual experience | 30,740 | 515,048 | 66,970 | 9,178 |
| Changes in assumptions | 416,649 | 132,667 | (176,655) | 59,221 |
| Benefit payments, including refunds of member contributions | (202,808) | (219,012) | (173,005) | (111,055) |
| Net change in total OPEB liability | 389,601 | 565,370 | (141,197) | 99,130 |
| Total OPEB liability - July 1 | <u>2,778,991</u> | <u>2,213,621</u> | <u>2,354,818</u> | <u>2,255,688</u> |
| Total OPEB liability - June 30 (a) | <u>\$3,168,592</u> | <u>\$2,778,991</u> | <u>\$2,213,621</u> | <u>\$2,354,818</u> |
| = | | | | |
| Plan fiduciary net position: | | | | |
| Contributions - employer | \$ 202,808 | \$ 219,012 | \$ 173,005 | \$ 141,055 |
| Net investment income (loss) | (31) | 483 | 1,555 | 313 |
| Benefit payments, including refunds of member contributions | (202,808) | (219,012) | (173,005) | (111,055) |
| Net change in plan fiduciary net position | (31) | 483 | 1,555 | 30,313 |
| Plan fiduciary net position - July 1 | <u>32,351</u> | <u>31,868</u> | <u>30,313</u> | <u>-</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 32,320</u> | <u>\$ 32,351</u> | <u>\$ 31,868</u> | <u>\$ 30,313</u> |
| Net OPEB liability - June 30 (a)-(b) | <u>\$3,136,272</u> | <u>\$2,746,640</u> | <u>\$2,181,753</u> | <u>\$2,324,505</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>1.02%</u> | <u>1.16%</u> | <u>1.44%</u> | <u>1.29%</u> |
| Covered payroll | <u>\$5,561,843</u> | <u>\$5,420,900</u> | <u>\$6,145,312</u> | <u>\$5,989,583</u> |
| Net OPEB liability as a percentage of covered payroll | <u>56.39%</u> | <u>50.67%</u> | <u>35.50%</u> | <u>38.81%</u> |
| <u>Schedule of Investment Returns</u> | | | | |
| Annual money weighted rate of return, net of investment expense | <u>-0.10%</u> | <u>1.51%</u> | <u>5.13%</u> | <u>1.04%</u> |

(1) These schedules are intended to present information for 10 years. The plan was established July 1, 2016. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Required Supplementary Information

Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contributions | \$ 201,100 | \$ 185,800 | \$ 184,200 | \$ 174,500 | \$ 172,700 | \$ 179,500 | \$ 177,600 | \$ 173,400 | \$ 171,700 | \$ 146,600 |
| Contributions in relation to the actuarially determined contribution | 202,808 | 219,012 | 173,005 | 141,055 | 104,300 | 92,000 | 70,200 | 98,700 | 98,500 | 107,500 |
| Contribution excess (deficiency) | \$ 1,708 | \$ 33,212 | \$ (11,195) | \$ (33,445) | \$ (68,400) | \$ (87,500) | \$ (107,400) | \$ (74,700) | \$ (73,200) | \$ (39,100) |
| Covered payroll | \$ 5,561,843 | \$ 5,420,900 | \$ 6,145,312 | \$ 5,989,583 | \$ 4,963,900 | \$ 4,963,900 | \$ 5,138,900 | \$ 5,138,900 | \$ 4,743,900 | \$ 4,743,900 |
| Contributions as a percentage of covered payroll | 3.65% | 4.04% | 2.82% | 2.36% | 2.10% | 1.85% | 1.37% | 1.92% | 2.08% | 2.27% |

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Town Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Changes of Benefit Terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2018 | July 1, 2018 | July 1, 2016 | July 1, 2016 | July 1, 2014 | July 1, 2014 | July 1, 2012 | July 1, 2012 | July 1, 2010 | July 1, 2010 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial Cost Method | Entry age normal | Entry age normal | Entry age normal | Entry age normal | Projected unit credit |
| Amortization Method | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open | Level dollar, open |
| Asset Valuation Method | Fair value | Fair value | Fair value | Fair value | N/A | N/A | N/A | N/A | N/A | N/A |
| Inflation Rate | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% |
| Salary Increases | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% | 2.60% |
| Healthcare Inflation Rate | Initial 7.60% decreasing to 4.60% (ultimate) by 2024 | Initial 7.60% decreasing to 4.60% (ultimate) by 2024 | Initial 7.50% decreasing to 4.60% (ultimate) by 2022 | Initial 7.50% decreasing to 4.60% (ultimate) by 2022 | N/A | N/A | N/A | N/A | N/A | N/A |
| Investment Rate of Return (Net) | 3.87% | 3.87% | 3.58% | 3.58% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Mortality Rate | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2017 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2017 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2016 | RP- 2014 Adjusted to 2006 Blue Collar Mortality Table projected to valuated date with Scale MP-2016 | N/A | N/A | N/A | N/A | N/A | N/A |

N/A - Not applicable or not available. The plan was established July 1, 2016.

Town of Clinton, Connecticut

Education Other Post-Employment Benefit (OPEB) Plan
Last Four Years (1)

| | 2020 | 2019 | 2018 | 2017 |
|--|----------------------|----------------------|----------------------|----------------------|
| <u>Schedule of Changes in Net OPEB Liability and Related Ratios</u> | | | | |
| Total OPEB liability: | | | | |
| Service cost | \$ 265,583 | \$ 313,060 | \$ 324,721 | \$ 408,686 |
| Interest | 286,970 | 287,768 | 247,474 | 208,902 |
| Differences between expected and actual experience | (1,680,612) | - | 482,719 | - |
| Changes in assumptions | (241,267) | 429,198 | (318,125) | (771,273) |
| Benefit payments, including refunds of member contributions | (217,908) | (220,414) | (183,915) | (175,502) |
| Net change in total OPEB liability | (1,587,234) | 809,612 | 552,874 | (329,187) |
| Total OPEB liability - July 1 | <u>8,041,598</u> | <u>7,231,986</u> | <u>6,679,112</u> | <u>7,008,299</u> |
| Total OPEB liability - June 30 (a) | <u>\$ 6,454,364</u> | <u>\$ 8,041,598</u> | <u>\$ 7,231,986</u> | <u>\$ 6,679,112</u> |
| 14 Plan fiduciary net position: | | | | |
| Contributions - employer | \$ 217,908 | \$ 220,414 | \$ 183,915 | \$ 245,502 |
| Net investment income (loss) | 5,425 | 4,978 | 7,448 | 730 |
| Benefit payments, including refunds of member contributions | (217,908) | (221,665) | (183,915) | (175,502) |
| Administration expenses | (4,247) | (3,849) | (3,821) | - |
| Net change in plan fiduciary net position | 1,178 | (122) | 3,627 | 70,730 |
| Plan fiduciary net position - July 1 | <u>74,235</u> | <u>74,357</u> | <u>70,730</u> | <u>-</u> |
| Plan fiduciary net position - June 30 (b) | <u>\$ 75,413</u> | <u>\$ 74,235</u> | <u>\$ 74,357</u> | <u>\$ 70,730</u> |
| Net OPEB liability - June 30 (a)-(b) | <u>\$ 6,378,951</u> | <u>\$ 7,967,363</u> | <u>\$ 7,157,629</u> | <u>\$ 6,608,382</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>1.17%</u> | <u>0.92%</u> | <u>1.03%</u> | <u>1.06%</u> |
| Covered payroll | <u>\$ 17,629,659</u> | <u>\$ 17,629,659</u> | <u>\$ 18,486,186</u> | <u>\$ 18,486,000</u> |
| Net pension liability as a percentage of covered payroll | <u>36.18%</u> | <u>45.19%</u> | <u>38.72%</u> | <u>35.75%</u> |
| <u>Schedule of Investment Returns</u> | | | | |
| Annual money weighted rate of return, net of investment expense | <u>5.14%</u> | <u>6.88%</u> | <u>10.82%</u> | <u>6.30%</u> |

(1) These schedules are intended to present information for 10 years. The plan was established July 1, 2016. Additional years will be presented as they become available.

Town of Clinton, Connecticut

Required Supplementary Information

Education Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|--------------|
| Actuarially determined contributions | \$ 679,650 | \$ 631,574 | \$ 577,120 | \$ 538,138 | \$ 752,499 | \$ 702,599 | \$ 577,000 | \$ 542,000 | \$ 621,000 | \$ 586,000 |
| Contributions in relation to the actuarially determined contribution | 217,908 | 220,414 | 183,915 | 245,502 | 251,799 | 237,753 | 235,000 | 220,000 | 323,000 | 320,000 |
| Contribution excess (deficiency) | \$ (461,742) | \$ (411,160) | \$ (393,205) | \$ (292,636) | \$ (500,700) | \$ (464,846) | \$ (342,000) | \$ (322,000) | \$ (298,000) | \$ (266,000) |
| Covered payroll | \$ 17,629,659 | \$ 17,629,659 | \$ 18,486,186 | \$ 18,486,186 | N/A | N/A | \$ 16,557,662 | \$ 16,557,662 | N/A | N/A |
| Contributions as a percentage of covered payroll | 1.24% | 1.25% | 0.99% | 1.33% | 0.00% | 0.00% | 1.42% | 1.33% | 0.00% | 0.00% |

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Education Other Post-Employment Benefit (OPEB) Plan
Schedule of Contributions
Last Ten Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--|--|-----------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Changes of Benefit Terms | None | None | None | None | None | None | None | None | None | None |
| The actuarially determined contribution rates are calculated as of | July 1, 2017 | July 1, 2017 | July 1, 2015 | July 1, 2015 | July 1, 2013 | July 1, 2013 | July 1, 2011 | July 1, 2011 | July 1, 2009 | July 1, 2009 |
| Actuarial methods and assumptions used to determine contribution rates: | | | | | | | | | | |
| Actuarial Cost Method | Entry age normal | Entry age normal | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit | Projected unit credit |
| Amortization Method | Level dollar, closed | Level dollar, closed | Level dollar, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed | Level percent, closed |
| Asset Valuation Method | Fair value | Fair value | Fair value | Fair value | N/A | N/A | N/A | N/A | N/A | N/A |
| Inflation rate | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary Increases | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Healthcare Inflation Rate | 5.70% - 4.10% over 55 years | 5.70% - 4.10% over 55 years | 6.30% - 4.50% over 57 years | 6.30% - 4.50% over 57 years | N/A | N/A | N/A | N/A | N/A | N/A |
| Investment Rate of Return (Net) | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| Mortality Rate | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | RP-2000 Combined Healthy Mortality Table with generational projection per Scale AA | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

N/A - Not applicable or not available. The plan was established July 1, 2016.

Town of Clinton, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Last Three Years (3)

| | 2020 | 2019 | 2018 |
|---|----------------------|----------------------|----------------------|
| <u>Schedule of Proportionate Share of the Net OPEB Liability</u> | | | |
| Town's proportion of the net OPEB liability | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Town's proportionate share of the collective net OPEB liability | \$ - | \$ - | \$ - |
| State of Connecticut's proportionate share of the net OPEB liability associated with the Town | <u>10,387,258</u> | <u>10,266,282</u> | <u>13,961,013</u> |
| Total | <u>\$ 10,387,258</u> | <u>\$ 10,266,282</u> | <u>\$ 13,961,013</u> |
| 17 Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Town's proportionate share of the net OPEB liability as a percentage of its covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | <u>2.08%</u> | <u>1.49%</u> | <u>1.79%</u> |
| <u>Schedule of Contributions</u> | | | |
| Contractually required contribution (1) | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>-</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Town's covered payroll | <u>(2)</u> | <u>(2)</u> | <u>(2)</u> |
| Contributions as a percentage of covered payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

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

Town of Clinton, Connecticut

Notes to Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan
Schedule of Contributions
Last Three Years (1)

| | 2020 | 2019 | 2018 |
|---|--|--|--|
| Changes of Benefit Terms | None | None | None |
| The actuarially determined contribution rates are calculated as of | June 30, 2018 | June 30, 2018 | June 30, 2016 |
| Actuarial methods and assumptions used to determine contribution rates: | | | |
| Actuarial Cost Method | Entry age | Entry age | Entry age |
| Amortization Method | Level percent of payroll | Level percent of payroll | Level percentage, open |
| Amortization Period | 30 years | 30 years | 30 years |
| Asset Valuation Method | Fair Value | Fair Value | Fair Value |
| Inflation | 2.75% | 2.75% | 2.75% |
| Healthcare Inflation Rate | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 5.95% decreasing to 4.75% (ultimate) by 2025 | Initial 7.25% decreasing to 5.00% (ultimate) by 2022 |
| Salary Increases | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation | 3.25% to 6.50%, including inflation |
| Investment Rate of Return (Net) | 3.00% | 3.00% | 4.25% |
| Mortality Rate | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale | RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale |

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

**Supplemental
Schedules**

General Fund

The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town. These activities are funded principally by property taxes, user fees and grants from other governmental units.

For reporting in accordance with generally accepted accounting principles, the general fund includes certain funds that are required to be reported as part of the general fund under the requirements of GASB No. 54.

Town of Clinton, Connecticut

General Fund
Combining Balance Sheet
June 30, 2020

| | General Fund | Education Nonlapsing Fund | Total |
|---|---------------------|---------------------------------|----------------------|
| <u>Assets</u> | | | |
| Cash | \$ 115,955 | \$ 667,209 | \$ 783,164 |
| Restricted cash | 81,378 | - | 81,378 |
| Investments | 18,744,912 | - | 18,744,912 |
| Restricted investments | 393,228 | - | 393,228 |
| Receivables (net): | | | |
| Property taxes | 985,900 | - | 985,900 |
| Intergovernmental | 112,794 | - | 112,794 |
| Other | 145,806 | - | 145,806 |
| Due from other funds | 396,951 | - | 396,951 |
| Prepays | 120,789 | - | 120,789 |
| Total assets | \$21,097,713 | \$ 667,209 | \$ 21,764,922 |
| <u>Liabilities</u> | | | |
| Accounts payable | \$ 923,296 | \$ - | \$ 923,296 |
| Accrued payroll and related liabilities | 291,793 | - | 291,793 |
| Due to other funds | 1,610,522 | - | 1,610,522 |
| Performance bonds | 474,606 | - | 474,606 |
| Other | 24,860 | - | 24,860 |
| Total liabilities | 3,325,077 | - | 3,325,077 |
| <u>Deferred Inflows of Resources</u> | | | |
| Unavailable revenue: | | | |
| Property taxes | 985,900 | - | 985,900 |
| Advance property tax collections | 4,098,724 | - | 4,098,724 |
| Total deferred inflows of resources | 5,084,624 | - | 5,084,624 |
| <u>Fund Balances</u> | | | |
| Nonspendable | 120,789 | - | 120,789 |
| Committed | 350,000 | 667,209 | 1,017,209 |
| Assigned | 1,075,000 | - | 1,075,000 |
| Unassigned | 11,142,223 | - | 11,142,223 |
| Total fund balances | 12,688,012 | 667,209 | 13,355,221 |
| Total liabilities, deferred inflows of resources and fund balances | \$21,097,713 | \$ 667,209 | \$ 21,764,922 |

Town of Clinton, Connecticut

General Fund
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For The Year Ended June 30, 2020

| | <u>General Fund</u> | <u>Education Nonlapsing Fund</u> | <u>Elimination Entries</u> | <u>Total</u> |
|--|----------------------|----------------------------------|----------------------------|----------------------|
| Revenues: | | | | |
| Property taxes | \$ 48,222,539 | \$ - | \$ - | \$ 48,222,539 |
| Intergovernmental | 12,953,145 | - | - | 12,953,145 |
| Charges for services | 1,107,403 | - | - | 1,107,403 |
| Income from investments | 116,689 | - | - | 116,689 |
| Total revenues | 62,399,776 | - | - | 62,399,776 |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 7,119,608 | - | - | 7,119,608 |
| Public safety | 4,451,840 | - | - | 4,451,840 |
| Public works | 1,765,138 | - | - | 1,765,138 |
| Planning and development | 377,370 | - | - | 377,370 |
| Culture and recreation | 1,013,813 | - | - | 1,013,813 |
| Health and welfare | 459,961 | - | - | 459,961 |
| Education | 37,320,247 | - | - | 37,320,247 |
| Debt service | 5,101,417 | - | - | 5,101,417 |
| Total expenditures | 57,609,394 | - | - | 57,609,394 |
| Excess (deficiency) of revenues over expenditures | 4,790,382 | - | - | 4,790,382 |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 5,266 | - | - | 5,266 |
| Transfers in | - | 667,209 | (667,209) | - |
| Transfers out | (2,070,210) | - | 667,209 | (1,403,001) |
| Net other financing sources (uses) | (2,064,944) | 667,209 | - | (1,397,735) |
| Net change in fund balances | 2,725,438 | 667,209 | - | 3,392,647 |
| Fund balances - July 1, 2019 | 9,962,574 | - | - | 9,962,574 |
| Fund balances - June 30, 2020 | \$ 12,688,012 | \$ 667,209 | \$ - | \$ 13,355,221 |

Town of Clinton, Connecticut

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

| Grand List Year | Uncollected Taxes July 1, 2019 * | Current Year Levy | Lawful Corrections | | | Transfers To Suspense | Adjusted Taxes Collectible | Collections | | | Uncollected Taxes June 30, 2020 |
|----------------------|--|-------------------------|--------------------|------------------|------------------|-----------------------------|----------------------------------|------------------------|-----------------------|----------------------|---------------------------------------|
| | | | Additions | Deductions | | | | Net Taxes Collected | Interest and Liens | Total | |
| 2003 | \$ 1,687 | \$ - | \$ - | \$ 1,687 | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2004 | 1,792 | - | - | - | | - | 1,792 | - | - | - | 1,792 |
| 2005 | 2,589 | - | - | - | | - | 2,589 | - | - | - | 2,589 |
| 2006 | 4,673 | - | - | - | | - | 4,673 | 1,993 | 24 | 2,017 | 2,680 |
| 2007 | 4,779 | - | - | - | | - | 4,779 | 2,009 | 24 | 2,033 | 2,770 |
| 2008 | 13,794 | - | - | - | | - | 13,794 | 2,349 | 24 | 2,373 | 11,445 |
| 2009 | 12,694 | - | - | - | | - | 12,694 | 2,227 | 24 | 2,251 | 10,467 |
| 121 | 23,189 | - | - | - | | - | 23,189 | 4,371 | 24 | 4,395 | 18,818 |
| 2011 | 38,584 | - | - | - | | - | 38,584 | 2,410 | 24 | 2,434 | 36,174 |
| 2012 | 40,304 | - | - | - | | - | 40,304 | 2,374 | 24 | 2,398 | 37,930 |
| 2013 | 40,586 | - | - | - | | - | 40,586 | 2,525 | 78 | 2,603 | 38,061 |
| 2014 | 95,201 | - | 1 | - | | 45,334 | 49,868 | 2,749 | 2,540 | 5,289 | 47,119 |
| 2015 | 111,284 | - | 1 | 690 | | - | 110,595 | 13,032 | 3,328 | 16,360 | 97,563 |
| 2016 | 152,409 | - | 8,485 | 1,444 | | - | 159,450 | 29,730 | 9,330 | 39,060 | 129,720 |
| 2017 | <u>263,488</u> | <u>-</u> | <u>13,716</u> | <u>9,344</u> | <u>-</u> | <u>-</u> | <u>267,860</u> | <u>124,955</u> | <u>29,447</u> | <u>154,402</u> | <u>142,905</u> |
| Total Prior Years | 807,053 | - | 22,203 | 13,165 | 45,334 | | 770,757 | 190,724 | 44,891 | 235,615 | 580,033 |
| 2018 | <u>-</u> | <u>48,282,861</u> | <u>106,858</u> | <u>80,685</u> | <u>-</u> | <u>-</u> | <u>48,309,034</u> | <u>47,887,175</u> | <u>96,867</u> | <u>47,984,042</u> | <u>421,859</u> |
| Total | <u>\$ 807,053</u> | <u>\$ 48,282,861</u> | <u>\$ 129,061</u> | <u>\$ 93,850</u> | <u>\$ 45,334</u> | <u>-</u> | <u>\$ 49,079,791</u> | <u>\$ 48,077,899</u> | <u>\$ 141,758</u> | <u>\$ 48,219,657</u> | <u>\$ 1,001,892</u> |

* Amounts restated for overpayments.

| | |
|-------------------------------------|------------|
| Tax interest and liens receivable | 259,008 |
| Tax allowance for doubtful accounts | (275,000) |
| Net taxes receivable - General Fund | \$ 985,900 |

Other Governmental Funds

Special Revenue Funds

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

| Fund | Funding Source | Function |
|----------------------------------|------------------------------------|------------------------------------|
| Historical Preservation Fund | Grants and fees | Town Clerk's preservation program |
| Miscellaneous Fund | Grants, fees and donations | Various town projects and programs |
| Community Development Grant Fund | Grants | Community improvement programs |
| Public Safety Fund | Federal grants and donations | Public safety programs |
| Culture and Recreation Fund | Fees and donations | Park and recreation programs |
| Health and Welfare Fund | Federal grants, fees and donations | Health and welfare programs |
| Adult Education Fund | State grant | Adult education programs |
| School Cafeteria Fund | State/federal grants and fees | School lunch and breakfast program |
| Education Grant Fund | State/federal grants | Special education programs |

Schedule 4
(1 of 2)

Town of Clinton, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2020

| | Special Revenue Funds | | | | |
|--|---|-------------------------------|---|-----------------------------------|--|
| | <u>Historical Preservation Fund</u> | <u>Miscellaneous Fund</u> | <u>Community Development Grant Fund</u> | <u>Public Safety Fund</u> | <u>Culture and Recreation Fund</u> |
| <u>Assets</u> | | | | | |
| Cash | \$ 11,380 | \$ 547,319 | \$ 26,968 | \$ 8,847 | \$ 275,577 |
| Investments | - | - | - | 20,319 | 10,332 |
| Receivables (net): | | | | | |
| Intergovernmental | - | - | - | - | - |
| Loans | - | - | 255,063 | - | - |
| Other | 372 | 9,227 | - | - | 156 |
| Due from other funds | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total assets | <u>\$ 11,752</u> | <u>\$ 556,546</u> | <u>\$ 282,031</u> | <u>\$ 29,166</u> | <u>\$ 286,065</u> |
| <u>Liabilities</u> | | | | | |
| Accounts payable | \$ - | \$ 7,352 | \$ - | \$ - | \$ 4,291 |
| Accrued payroll and related liabilities | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Unearned revenue | - | 194,803 | - | - | 3,863 |
| Total liabilities | <u>-</u> | <u>202,155</u> | <u>-</u> | <u>-</u> | <u>8,154</u> |
| <u>Fund Balances</u> | | | | | |
| Restricted | 11,752 | - | 282,031 | 20,319 | - |
| Committed | - | - | - | 8,847 | 277,911 |
| Assigned | - | 354,391 | - | - | - |
| Total fund balances | <u>11,752</u> | <u>354,391</u> | <u>282,031</u> | <u>29,166</u> | <u>277,911</u> |
| Total liabilities and fund balances | <u>\$ 11,752</u> | <u>\$ 556,546</u> | <u>\$ 282,031</u> | <u>\$ 29,166</u> | <u>\$ 286,065</u> |

(Continued)

Town of Clinton, Connecticut

**Combining Balance Sheet
Other Governmental Funds
June 30, 2020**

| | <u>Special Revenue Funds</u> | | | | |
|--|------------------------------|----------------------|-----------------------|----------------------|--------------------------------|
| | Health and Welfare Fund | Adult Education Fund | School Cafeteria Fund | Education Grant Fund | Total Other Governmental Funds |
| <u>Assets</u> | | | | | |
| Cash | \$223,166 | \$ - | \$110,094 | \$373,050 | \$ 1,576,401 |
| Investments | - | - | - | - | 30,651 |
| Receivables (net): | - | | | | |
| Intergovernmental | - | - | 47,437 | 3,582 | 51,019 |
| Loans | - | - | - | - | 255,063 |
| Other | - | - | - | - | 9,755 |
| Due from other funds | - | 95,751 | - | - | 95,751 |
| Other | - | - | 19,560 | - | 19,560 |
| Total assets | \$223,166 | \$95,751 | \$177,091 | \$376,632 | \$ 2,038,200 |
| <u>Liabilities</u> | | | | | |
| Accounts payable | \$ 12,786 | \$ - | \$ 344 | \$ 7,820 | \$ 32,593 |
| Accrued payroll and related liabilities | 5,570 | - | 6,098 | 538 | 12,206 |
| Due to other funds | - | - | 33,897 | 336,127 | 370,024 |
| Unearned revenue | 128,253 | - | 16,188 | 14,284 | 357,391 |
| Total liabilities | 146,609 | - | 56,527 | 358,769 | 772,214 |
| <u>Fund Balances</u> | | | | | |
| Restricted | - | 95,751 | 120,564 | 17,863 | 548,280 |
| Committed | 76,557 | - | - | - | 363,315 |
| Assigned | - | - | - | - | 354,391 |
| Total fund balances | 76,557 | 95,751 | 120,564 | 17,863 | 1,265,986 |
| Total liabilities and fund balances | \$223,166 | \$95,751 | \$177,091 | \$376,632 | \$ 2,038,200 |

(Concluded)

Town of Clinton, Connecticut

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

| | Special Revenue Funds | | | | |
|---|---|-------------------------------|---|-----------------------------------|--|
| | Historical Preservation Fund | Miscellaneous Fund | Community Development Grant Fund | Public Safety Fund | Culture and Recreation Fund |
| Revenues: | | | | | |
| Intergovernmental | \$ 5,500 | \$ 149,197 | \$ - | \$ 6,391 | \$ - |
| Charges for services | 8,274 | 18,881 | - | - | 127,735 |
| Income from investments | - | - | - | 19 | - |
| Contributions | - | 16,534 | - | 2,242 | 4,000 |
| Total revenues | 13,774 | 184,612 | - | 8,652 | 131,735 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 14,575 | 103,009 | - | - | - |
| Public safety | - | - | - | 3,602 | - |
| Culture and recreation | - | - | - | - | 136,736 |
| Health and welfare | - | - | - | - | - |
| Education | - | - | - | - | - |
| Total expenditures | 14,575 | 103,009 | - | 3,602 | 136,736 |
| Net change in fund balances | (801) | 81,603 | - | 5,050 | (5,001) |
| Fund balances - July 1, 2019 (as restated) | 12,553 | 272,788 | 282,031 | 24,116 | 282,912 |
| Fund balances - June 30, 2020 | \$ 11,752 | \$ 354,391 | \$282,031 | \$29,166 | \$277,911 |

(Continued)

**Schedule 5
(2 of 2)**

Town of Clinton, Connecticut

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

| | Special Revenue Funds | | | | |
|---|--------------------------------|-----------------------------|------------------------------|-----------------------------|---------------------------------------|
| | Health and Welfare Fund | Adult Education Fund | School Cafeteria Fund | Education Grant Fund | Total Other Governmental Funds |
| Revenues: | | | | | |
| Intergovernmental | \$ 226,804 | \$ - | \$ 336,550 | \$ 891,815 | \$ 1,616,257 |
| Charges for services | 23,254 | - | 167,215 | - | 345,359 |
| Income from investments | - | - | - | - | 19 |
| Contributions | 32,997 | - | - | - | 55,773 |
| Total revenues | 283,055 | - | 503,765 | 891,815 | 2,017,408 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 117,584 |
| Public safety | - | - | - | - | 3,602 |
| Culture and recreation | - | - | - | - | 136,736 |
| Health and welfare | 269,464 | - | - | - | 269,464 |
| Education | - | - | 488,110 | 897,816 | 1,385,926 |
| Total expenditures | 269,464 | - | 488,110 | 897,816 | 1,913,312 |
| Net change in fund balances | 13,591 | - | 15,655 | (6,001) | 104,096 |
| Fund balances - July 1, 2019 (as restated) | 62,966 | 95,751 | 104,909 | 23,864 | 1,161,890 |
| Fund balances - June 30, 2020 | \$ 76,557 | \$ 95,751 | \$ 120,564 | \$ 17,863 | \$ 1,265,986 |

(Concluded)

Fiduciary Funds

Fiduciary Funds

Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds. These include pension trust, private-purpose trust, and agency funds.

Pension and OPEB Trust Funds

| Fund | Function |
|--------------------------------------|--|
| Police Pension Fund | To account for contributions made by the Town and its employees for pension benefits for all uniformed members of the Police Department. |
| Education Noncertified Pension Fund | To account for contributions made by the Town and its employees for pension benefits for all noncertified Education personnel. |
| Volunteer Firefighters' Pension Fund | To account for contributions made by the Town for pension benefits for all Volunteer Firefighter personnel. |
| OPEB Fund | To account for contributions made by the Town and its employees for OPEB benefits for all Town and Education personnel. |

Private-Purpose Trust Funds

| Fund | Function |
|------------------------|--|
| Grimm Scholarship Fund | To account for the initial restricted contribution and investment earnings, which are used to provide scholarships to eligible students as determined by the Board of Education. |

Agency Fund

| Fund | Function |
|--------------------|---|
| Student Activities | To account for various activities undertaken by students of the public school system. |

Town of Clinton, Connecticut

Agency Funds
Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2020

| | <u>Balance July 1, 2019</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance June 30, 2020</u> |
|----------------------------------|---------------------------------|--------------------------|--------------------------|----------------------------------|
| Assets | | | | |
| Cash | \$ 607,164 | \$ 493,939 | \$ 613,495 | \$ 487,608 |
| Investments | <u>334,516</u> | <u>-</u> | <u>28,813</u> | <u>305,703</u> |
| Total assets | <u><u>\$ 941,680</u></u> | <u><u>\$ 493,939</u></u> | <u><u>\$ 642,308</u></u> | <u><u>\$ 793,311</u></u> |
| Liabilities | | | | |
| Due to other funds | \$ 27,351 | \$ 331,276 | \$ 299,933 | \$ 58,694 |
| Payable to student organizations | <u>914,329</u> | <u>162,663</u> | <u>342,375</u> | <u>734,617</u> |
| Total liabilities | <u><u>\$ 941,680</u></u> | <u><u>\$ 493,939</u></u> | <u><u>\$ 642,308</u></u> | <u><u>\$ 793,311</u></u> |

Statistical Section

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

| Table | Description |
|---|--|
| Financial Trend (Tables 1-4) | These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time. |
| Revenue Capacity (Tables 5-7) | These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax. |
| Debt Capacity (Tables 8-10) | These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future. |
| Demographic and Economic Information (Tables 11-13) | These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place. |
| Operating Information (Tables 14-15) | These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs. |

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

Table 1

Town of Clinton, Connecticut

Net Position by Component
Last Ten Years
(Unaudited)

| | June 30, | | | | | | | | | |
|----------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2020 | 2019 (as restated) | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Net investment in capital assets | \$ 57,602,087 | \$ 60,777,536 | \$ 65,221,000 | \$ 65,925,000 | \$ 61,628,000 | \$ 28,461,000 | \$ 20,416,000 | \$ 35,994,000 | \$ 37,625,000 | \$ 35,918,000 |
| Restricted for: | | | | | | | | | | |
| Historical preservation | 11,752 | 12,553 | 7,537 | 13,728 | 9,646 | 7,312 | 6,512 | 4,995 | 5,254 | 5,145 |
| Public safety programs | 20,319 | 13,167 | 12,663 | 38,173 | 27,186 | 36,570 | 44,950 | 26,004 | 26,004 | 20,578 |
| Community development programs | 282,031 | 282,031 | - | - | - | - | - | - | - | - |
| Education | 113,614 | 95,357 | 611,664 | 593,112 | 422,396 | 428,970 | 437,085 | 385,588 | 438,925 | 458,534 |
| Food service programs | 120,564 | 104,909 | - | - | - | - | - | - | - | - |
| Unrestricted | (12,904,415) | (19,131,418) | (19,329,864) | (16,592,013) | (11,749,228) | 9,238,148 | 18,378,453 | 3,548,413 | 4,386,817 | 7,468,743 |
| Total net position | <u>\$ 45,245,952</u> | <u>\$ 42,154,135</u> | <u>\$ 46,523,000</u> | <u>\$ 49,978,000</u> | <u>\$ 50,338,000</u> | <u>\$ 38,172,000</u> | <u>\$ 39,283,000</u> | <u>\$ 39,959,000</u> | <u>\$ 42,482,000</u> | <u>\$ 43,871,000</u> |

Table 2

Town of Clinton, Connecticut

Changes in Net Position
Last Ten Years
(Unaudited)

For the Year Ended June 30,

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------------|---------------------|---------------------|---------------------|----------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|
| Expenses: | | | | | | | | | | |
| General government | \$ 8,245,654 | \$ 7,373,000 | \$ 7,295,000 | \$ 7,176,000 | \$ 6,554,000 | \$ 6,019,000 | \$ 6,392,000 | \$ 6,231,000 | \$ 6,059,000 | \$ 5,880,000 |
| Public safety | 5,582,342 | 5,419,000 | 5,204,000 | 6,109,000 | 5,268,000 | 4,537,000 | 4,857,000 | 4,777,000 | 4,879,000 | 3,625,000 |
| Public works | 3,555,356 | 3,545,000 | 3,435,000 | 3,814,000 | 3,919,000 | 3,325,000 | 2,925,000 | 5,471,000 | 3,479,000 | 2,506,000 |
| Planning and development | 377,370 | 391,000 | 787,000 | 812,000 | 363,000 | 351,000 | 361,000 | 276,000 | 252,000 | 238,000 |
| Culture and recreation | 1,304,400 | 1,212,000 | 521,000 | 679,000 | 1,416,000 | 1,530,000 | 1,497,000 | 1,490,000 | 1,341,000 | 1,519,000 |
| Health and welfare | 789,877 | 695,000 | 561,000 | 738,000 | 675,000 | 960,000 | 821,000 | 858,000 | 1,698,000 | 1,031,000 |
| Education | 40,869,332 | 40,617,000 | 41,874,000 | 39,980,000 | 39,397,000 | 37,134,000 | 36,855,000 | 35,613,000 | 35,242,000 | 35,113,000 |
| Interest | 1,423,036 | 1,915,000 | 1,636,000 | 1,748,000 | 747,000 | 857,000 | 1,174,000 | 694,000 | 653,000 | 789,000 |
| Total expenses | 62,147,367 | 61,167,000 | 61,313,000 | 61,056,000 | 58,339,000 | 54,713,000 | 54,882,000 | 55,410,000 | 53,603,000 | 50,701,000 |
| Program revenues: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 820,125 | 758,000 | 732,000 | 627,000 | 508,000 | 359,000 | 368,000 | 449,000 | 370,000 | 337,000 |
| Public safety | 101,362 | 197,000 | 164,000 | 133,000 | 179,000 | 134,000 | 165,000 | 150,000 | 136,000 | 138,000 |
| Public works | 61,258 | 77,000 | 84,000 | 76,000 | 63,000 | 74,000 | 94,000 | 85,000 | 89,000 | 88,000 |
| Planning and development | 6,680 | 15,000 | 14,000 | 15,000 | 85,000 | 78,000 | 96,000 | 37,000 | 11,000 | 14,000 |
| Culture and recreation | 272,868 | 190,000 | 180,000 | 253,000 | 216,000 | 240,000 | 213,000 | 215,000 | 239,000 | 205,000 |
| Health and welfare | 23,254 | 10,000 | 16,000 | 12,000 | 13,000 | 16,000 | 11,000 | 23,000 | 21,000 | 30,000 |
| Education | 167,215 | 260,000 | 271,000 | 337,000 | 269,000 | 430,000 | 434,000 | 351,000 | 433,000 | 468,000 |
| Operating grants and contributions | 14,280,439 | 13,043,000 | 14,897,000 | 15,080,000 | 12,433,000 | 12,459,000 | 13,371,000 | 12,504,000 | 12,625,000 | 10,913,000 |
| Capital grants and contributions | 722,886 | 333,000 | 326,000 | 1,793,000 | 15,434,000 | 9,160,000 | 370,000 | 496,000 | 281,000 | 377,000 |
| Total program revenues | 16,456,087 | 14,883,000 | 16,684,000 | 18,326,000 | 29,200,000 | 22,950,000 | 15,122,000 | 14,310,000 | 14,205,000 | 12,570,000 |
| Net expenses | (45,691,280) | (46,284,000) | (44,629,000) | (42,730,000) | (29,139,000) | (31,763,000) | (39,760,000) | (41,100,000) | (39,398,000) | (38,131,000) |
| General revenues: | | | | | | | | | | |
| Property taxes | 48,335,196 | 47,055,000 | 45,883,000 | 41,449,000 | 40,152,000 | 39,393,000 | 38,363,000 | 37,704,000 | 37,363,000 | 37,160,000 |
| Grants and contributions not restricted to specific programs | 331,193 | 518,000 | 310,000 | 368,000 | 380,000 | 548,000 | 513,000 | 713,000 | 443,000 | 468,000 |
| Income from investments | 116,708 | 121,000 | 43,000 | 22,000 | 38,000 | 41,000 | 30,000 | 39,000 | 66,000 | 92,000 |
| Other | - | 155,000 | 290,000 | 530,000 | 736,000 | 388,000 | 178,000 | 121,000 | 138,000 | 57,000 |
| Total general revenues | 48,783,097 | 47,849,000 | 46,526,000 | 42,369,000 | 41,306,000 | 40,370,000 | 39,084,000 | 38,577,000 | 38,010,000 | 37,777,000 |
| Change in net position | \$ 3,091,817 | \$ 1,565,000 | \$ 1,897,000 | \$ (361,000) | \$ 12,167,000 | \$ 8,607,000 | \$ (676,000) | \$ (2,523,000) | \$ (1,388,000) | \$ (354,000) |

Table 3

Town of Clinton, Connecticut

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

June 30,

| | 2020 | 2019 (as restated) | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|----------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| General fund: | | | | | | | | | | |
| Nonspendable | \$ 120,789 | \$ 135,000 | \$ 134,000 | \$ 108,000 | \$ 7,000 | \$ - | \$ - | \$ - | \$ 48,000 | \$ 70,000 |
| Committed | 1,017,209 | 350,000 | - | 350,000 | 350,000 | 418,000 | 350,000 | 350,000 | 350,000 | 350,000 |
| Assigned | 1,075,000 | 321,000 | - | - | 239,000 | 245,000 | 364,000 | 472,000 | 875,000 | 845,000 |
| Unassigned | 11,142,223 | 9,157,000 | 11,964,000 | 6,766,000 | 6,184,000 | 6,512,000 | 7,012,000 | 7,169,000 | 7,175,000 | 7,350,000 |
| Total general fund | 13,355,221 | 9,963,000 | 12,098,000 | 7,224,000 | 6,780,000 | 7,175,000 | 7,726,000 | 7,991,000 | 8,448,000 | 8,615,000 |
| All other governmental funds: | | | | | | | | | | |
| Nonspendable | - | - | 11,000 | 14,000 | 12,000 | 18,000 | 22,000 | 15,000 | 15,000 | 16,000 |
| Restricted | 548,280 | 565,000 | - | 789,000 | 625,000 | 510,000 | 1,285,000 | 538,000 | 464,000 | 472,000 |
| Committed | 889,243 | 324,000 | - | 189,000 | 149,000 | 251,000 | 251,000 | 189,000 | 1,655,000 | 3,425,000 |
| Assigned | 354,391 | 273,000 | - | - | - | - | - | - | - | - |
| Unassigned | - | (5,396,000) | (2,115,000) | (5,058,000) | (14,542,000) | (6,553,000) | (8,000) | (2,846,000) | (4,862,000) | - |
| Total all other governmental funds | 1,791,914 | (4,234,000) | (2,104,000) | (4,066,000) | (13,756,000) | (5,774,000) | 1,550,000 | (2,104,000) | (2,728,000) | 3,913,000 |
| Grand total | \$ 15,147,135 | \$ 5,729,000 | \$ 9,994,000 | \$ 3,158,000 | \$ (6,976,000) | \$ 1,401,000 | \$ 9,276,000 | \$ 5,887,000 | \$ 5,720,000 | \$ 12,528,000 |

Notes:

General fund:

Committed
Assigned
Unassigned

Increase due to creation of Education Nonlapsing Fund.

Increase due to increase in fund balance assigned to balance the subsequent year's budget.

Increase due to revenues coming in higher than budget and expenditures coming in lower than budget.

All other:

Committed
Assigned

Increase due to issuance of bonds in the capital projects fund.

Increase due to issuance of bonds in the capital projects fund.

Table 4

Town of Clinton, Connecticut

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

| | For the Year Ended June 30, | | | | | | | | | |
|--|-----------------------------|---------------------|---------------------|----------------------|-----------------------|-----------------------|---------------------|-------------------|-----------------------|---------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Revenues: | | | | | | | | | | |
| Property taxes | \$ 48,222,539 | \$ 46,961,357 | \$ 45,804,000 | \$ 41,500,000 | \$ 40,510,000 | \$ 39,563,000 | \$ 38,123,000 | \$ 37,634,000 | \$ 37,169,000 | \$ 37,135,000 |
| Intergovernmental | 15,292,288 | 13,881,548 | 15,470,000 | 18,277,000 | 25,787,000 | 22,089,000 | 13,706,000 | 13,556,000 | 13,307,000 | 11,706,000 |
| Charges for services | 1,452,762 | 1,506,780 | 1,450,000 | 1,476,000 | 1,426,000 | 1,359,000 | 1,539,000 | 1,431,000 | 1,314,000 | 1,307,000 |
| Income from investments | 116,708 | 121,113 | 43,000 | 22,000 | 38,000 | 41,000 | 30,000 | 39,000 | 66,000 | 92,000 |
| Contributions | 55,773 | - | - | - | - | - | - | - | - | - |
| Other | - | 153,561 | 298,000 | 545,000 | 785,000 | 153,000 | 245,000 | 163,000 | 171,000 | 107,000 |
| Total revenues | 65,140,070 | 62,624,359 | 63,065,000 | 61,820,000 | 68,546,000 | 63,205,000 | 53,643,000 | 52,823,000 | 52,027,000 | 50,347,000 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 7,402,425 | 6,866,118 | 6,872,000 | 6,821,000 | 6,341,000 | 6,131,000 | 5,880,000 | 5,940,000 | 5,734,000 | 5,739,000 |
| Public safety | 4,455,442 | 4,375,016 | 4,229,000 | 4,400,000 | 4,362,000 | 4,208,000 | 4,178,000 | 3,998,000 | 4,107,000 | 3,619,000 |
| Public works | 1,765,138 | 1,859,752 | 1,850,000 | 1,816,000 | 1,647,000 | 2,211,000 | 1,829,000 | 2,745,000 | 2,814,000 | 1,530,000 |
| Planning and development | 377,370 | 391,257 | 787,000 | 812,000 | 363,000 | 351,000 | 362,000 | 276,000 | 252,000 | 238,000 |
| Culture and recreation | 1,150,549 | 1,112,554 | 401,000 | 533,000 | 1,302,000 | 1,311,000 | 1,311,000 | 1,232,000 | 1,097,000 | 1,290,000 |
| Health and welfare | 729,425 | 673,340 | 580,000 | 699,000 | 657,000 | 729,000 | 826,000 | 1,150,000 | 663,000 | 675,000 |
| Education | 38,706,173 | 38,700,542 | 39,913,000 | 39,515,000 | 36,629,000 | 35,598,000 | 35,419,000 | 34,378,000 | 33,854,000 | 33,719,000 |
| Debt service: | | | | | | | | | | |
| Principal | 3,401,317 | 4,599,790 | 2,416,000 | 1,780,000 | 1,480,000 | 1,315,000 | 1,285,000 | 1,240,000 | 1,250,000 | 1,185,000 |
| Interest | 1,852,376 | - | 1,586,000 | 1,750,000 | 1,547,000 | 1,131,000 | 873,000 | 698,000 | 775,000 | 635,000 |
| Capital outlay | 1,915,141 | 5,077,663 | 3,949,000 | 9,334,000 | 38,326,000 | 23,451,000 | 5,522,000 | 7,088,000 | 8,393,000 | 2,628,000 |
| Total expenditures | 61,755,356 | 63,656,032 | 62,583,000 | 67,460,000 | 92,654,000 | 76,436,000 | 57,485,000 | 58,745,000 | 58,939,000 | 51,258,000 |
| Excess (deficiency) of revenues over expenditures | | | | | | | | | | |
| | 3,384,714 | (1,031,673) | 482,000 | (5,640,000) | (24,108,000) | (13,231,000) | (3,842,000) | (5,922,000) | (6,912,000) | (911,000) |
| Other financing sources (uses): | | | | | | | | | | |
| Issuance of debt | 5,710,000 | - | 2,800,000 | 14,000,000 | 14,300,000 | 5,000,000 | 6,995,000 | 5,709,000 | (119,000) | 4,748,000 |
| Issuance of refunding debt | - | 12,015,123 | - | - | 3,600,000 | - | - | - | - | - |
| Issuance of equipment financing notes | - | 311,304 | 123,000 | 355,000 | 632,000 | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | (13,457,278) | - | - | (3,811,000) | - | - | - | - | - |
| Premium | 318,216 | 1,497,155 | 13,000 | 281,000 | 1,011,000 | 356,000 | 236,000 | 380,000 | 223,000 | 421,000 |
| Sale of capital assets | 5,266 | - | - | - | - | - | - | - | - | - |
| Transfers in | 1,403,001 | 3,218,700 | 1,605,000 | 2,918,000 | 1,927,000 | 2,339,000 | 1,915,000 | 1,849,000 | 2,139,000 | 1,283,000 |
| Transfers out | (1,403,001) | (3,218,700) | (1,605,000) | (1,781,000) | (1,927,000) | (2,339,000) | (1,915,000) | (1,849,000) | (2,139,000) | (1,283,000) |
| Net other financing sources (uses) | 6,033,482 | 366,304 | 2,936,000 | 15,773,000 | 15,732,000 | 5,356,000 | 7,231,000 | 6,089,000 | 104,000 | 5,169,000 |
| Net change in fund balances | \$ 9,418,196 | \$ (665,369) | \$ 3,418,000 | \$ 10,133,000 | \$ (8,376,000) | \$ (7,875,000) | \$ 3,389,000 | \$ 167,000 | \$ (6,808,000) | \$ 4,258,000 |
| Debt service as a percentage of noncapital expenditures | 8.73% | 8.15% | 6.39% | 5.97% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Table 5

Town of Clinton, Connecticut

Assessed and Estimated Actual Value of Taxable Property
Last Ten Years
(Unaudited)

| Year Ended June 30 | Real Property | | | Personal Property | | | | (1) | Totals | | | | |
|--------------------------|------------------|------------------------------|--|---------------------------------------|---|----------------------------|--|---|--|------------------|--------------------------------|--------|-------|
| | (1) | (1) | (2) | (1) | (1) | (1) | Total Motor Vehicle and Personal Property Assessed Value | Total Motor Vehicle and Personal Property Estimated Actual Value | (1) | (1) | (2) | (2) | |
| | Residential | Industrial and Commercial | Real Property Estimated Actual Value | Motor Vehicle Assessed Value | Personal Property Assessed Value | Less Exempt Property | Total Assessed Value | Total Estimated Actual Value | Percentage of Total Assessed Value to Total Estimated Actual Value | (3) | Total Direct Tax Rate | | |
| 2020 | \$ 1,171,999,000 | \$ 212,494,000 | \$ 1,977,847,143 | \$ 102,072,000 | \$ 68,369,000 | \$ 170,441,000 | \$ 11,087,000 | \$ 243,487,143 | \$ 1,543,847,000 | \$ 2,205,495,714 | 70.00% | 31.25 | |
| 2019 | 1,164,938,000 | 212,874,000 | 1,968,302,857 | 99,951,000 | 65,589,000 | 165,540,000 | 10,349,000 | 236,485,714 | 1,533,003,000 | 2,190,004,286 | 70.00% | 30.54 | |
| 2018 | 1,165,423,000 | 207,171,000 | 1,960,848,571 | 98,160,000 | 65,215,000 | 163,375,000 | 10,500,000 | 233,392,857 | 1,525,469,000 | 2,179,241,429 | 70.00% | 29.91 | |
| 2017 | 1,158,295,000 | 209,848,000 | 1,954,490,000 | 97,869,000 | 67,084,000 | 164,953,000 | 10,947,000 | 235,647,143 | 1,522,149,000 | 2,174,498,571 | 70.00% | 27.14 | |
| 2016 | 1,182,353,000 | 177,799,000 | 1,943,074,286 | 95,916,000 | 64,536,000 | 160,452,000 | 10,945,000 | 229,217,143 | 1,509,659,000 | 2,156,655,714 | 70.00% | 26.77 | |
| 2015 | 1,179,612,000 | 177,381,000 | 1,938,561,429 | 95,216,000 | 62,414,000 | 157,630,000 | 9,141,000 | 225,185,714 | 1,505,482,000 | 2,150,688,571 | 70.00% | 26.27 | |
| 2014 | 1,175,719,000 | 181,052,000 | 1,938,244,286 | 92,309,000 | 59,830,000 | 152,139,000 | 9,210,000 | 217,341,429 | 1,499,700,000 | 2,142,428,571 | 70.00% | 25.43 | |
| 131 | 2013 | 1,167,573,000 | 186,737,000 | 1,934,728,571 | 92,342,000 | 75,786,000 | 168,128,000 | 25,607,000 | 240,182,857 | 1,496,831,000 | 2,138,330,000 | 70.00% | 25.18 |
| 2012 | 1,163,222,000 | 192,052,000 | 1,936,105,714 | 88,269,000 | 69,351,000 | 157,620,000 | 22,486,000 | 225,171,429 | 1,490,408,000 | 2,129,154,286 | 70.00% | 24.92 | |
| 2011 | 1,309,915,000 | 213,379,000 | 2,176,134,286 | 84,524,000 | 71,210,000 | 155,734,000 | 21,831,000 | 222,477,143 | 1,657,197,000 | 2,367,424,286 | 70.00% | 22.41 | |

(1) Estimated actual values taken from the Board of Assessment Appeals corrected abstracts for the respective year.

(2) Personal property value based on a 70% assessment ratio.

(3) From Table 7.

Source: Office of Tax Assessor.

Table 6

Town of Clinton, Connecticut

Principal Property Taxpayers
Current Year and Nine Years Ago
(Unaudited)

| | Name | 2020 | | | 2011 | | |
|-----|--|-----------------------|------|-----------------------------------|-----------------------|------|-----------------------------------|
| | | Assessed Value | Rank | Percentage Net Taxable Grand List | Assessed Value | Rank | Percentage Net Taxable Grand List |
| | Chelsea GCA Realty Partnership | \$ 49,537,000 | 1 | 3.21% | \$ 42,444,000 | 1 | 2.56% |
| | CT Water Company | 20,939,000 | 2 | 1.36% | 18,736,000 | 3 | 1.13% |
| | Eversource (CT Light and Power) | 14,997,000 | 3 | 0.97% | 7,700,000 | 6 | 0.46% |
| | JMH Associates | 12,510,000 | 4 | 0.81% | 8,955,000 | 5 | 0.54% |
| | NPNC, LLC | 8,726,000 | 5 | 0.57% | 9,095,000 | 4 | 0.55% |
| | CIM LLC | 5,822,000 | 6 | 0.38% | 5,264,000 | 8 | 0.32% |
| 132 | MJM Self Storage | 3,698,000 | 7 | 0.24% | - | - | 0.00% |
| | MGF, Inc. | 3,318,000 | 8 | 0.21% | - | - | 0.00% |
| | Evergreen Associates LLC | 2,905,000 | 9 | 0.19% | - | - | 0.00% |
| | 114 East Main Street | 2,824,000 | 10 | 0.18% | - | - | 0.00% |
| | Cheeseborough-Ponds Conopco, CTO, Unilever | - | - | 0.00% | 22,814,000 | 2 | 1.38% |
| | Hammocks Development | - | - | 0.00% | 5,580,000 | 7 | 0.34% |
| | Kent Home Assoc. LLC | - | - | 0.00% | 4,568,000 | 9 | 0.28% |
| | Stanley Bostich | - | - | 0.00% | 4,179,000 | 10 | 0.25% |
| | Totals | <u>\$ 125,276,000</u> | | <u>8.12%</u> | <u>\$ 129,335,000</u> | | <u>7.81%</u> |
| | Based on October 1, 2019 and 2010 net taxable grand list of: | | | <u>\$ 1,543,847,000</u> | | | <u>\$ 1,657,197,000</u> |

Source: Town of Clinton, Office of Tax Assessor.

Table 7

Town of Clinton, Connecticut

Property Tax Rates, Levies and Collections
Last Ten Years
(Unaudited)

| Year Ended June 30 | (1) Tax Rate in Mills | Grand List of October 1, | Total Adjusted Tax Levy | Net Current Tax Collections | Percent of Current Levy Collected | Total Collections to Date | | | |
|--------------------------|-----------------------------|--------------------------------|-------------------------------|-----------------------------------|---|---------------------------------------|----------------------|---------------------------------|----------------------------------|
| | | | | | | Collections in Subsequent Years | Total Collections | Percentage of Levy Collected | Current Delinquent Balance |
| 2020 | 31.25 | 2018 | \$48,309,034 | \$47,887,175 | 99.13% | \$ - | \$ 47,887,175 | 99.13% | \$ 421,859 |
| 2019 | 30.54 | 2017 | 46,793,000 | 46,530,000 | 99.44% | 120,095 | 46,650,095 | 99.69% | 142,905 |
| 2018 | 29.91 | 2016 | 45,456,000 | 45,144,000 | 99.31% | 182,280 | 45,326,280 | 99.71% | 129,720 |
| 2017 | 27.14 | 2015 | 38,341,000 | 38,097,000 | 99.36% | 146,437 | 38,243,437 | 99.75% | 97,563 |
| 2016 | 26.77 | 2014 | 40,224,000 | 39,951,000 | 99.32% | 225,881 | 40,176,881 | 99.88% | 47,119 |
| 2015 | 26.27 | 2013 | 39,363,000 | 39,070,000 | 99.26% | 254,939 | 39,324,939 | 99.90% | 38,061 |
| 2014 | 25.43 | 2012 | 38,153,000 | 37,810,000 | 99.10% | 305,070 | 38,115,070 | 99.90% | 37,930 |
| 2013 | 25.18 | 2011 | 37,574,000 | 37,297,000 | 99.26% | 240,826 | 37,537,826 | 99.90% | 36,174 |
| 2012 | 24.92 | 2010 | 37,085,000 | 36,792,000 | 99.21% | 274,182 | 37,066,182 | 99.95% | 18,818 |
| 2011 | 22.41 | 2009 | 37,003,000 | 36,806,000 | 99.47% | 186,533 | 36,992,533 | 99.97% | 10,467 |

133

Source: Town Tax Collector

(1) Tax levy is per \$1,000 of the assessed value of taxable property. There are no overlapping tax rates

Table 8**Town of Clinton, Connecticut****Ratios of Outstanding Debt by Type
Last Ten Years
(Unaudited)**

| Year Ended June 30 | General Obligation Bonds | Notes | Premium | Total | Percentage of Actual Taxable Value of Property | Percentage of Personal Income | Debt Per Capita |
|--------------------------|--------------------------------|------------|--------------|---------------|---|-------------------------------------|-----------------------|
| 2020 | \$ 55,520,000 | \$ 608,280 | \$ 2,012,402 | \$ 58,140,682 | 2.64% | 10.83% | \$ 4,498 |
| 2019 | 52,925,000 | 866,778 | 2,232,729 | 56,024,507 | 2.56% | 10.82% | 4,296 |
| 2018 | 57,876,000 | 726,000 | 961,000 | 59,563,000 | 2.73% | 11.63% | 4,557 |
| 2017 | 57,356,000 | 794,000 | 1,091,000 | 59,241,000 | 2.72% | 12.18% | 4,499 |
| 2016 | 44,994,000 | 592,000 | 949,000 | 46,535,000 | 2.16% | 9.47% | 3,546 |
| 2015 | 32,194,000 | - | 999,000 | 33,193,000 | 1.54% | 6.75% | 2,529 |
| 2014 | 45,546,000 | - | 1,035,000 | 46,581,000 | 2.17% | 9.43% | 3,532 |
| 2013 | 22,422,000 | - | 896,000 | 23,318,000 | 1.09% | 4.65% | 1,759 |
| 2012 | 17,651,000 | - | 587,000 | 18,238,000 | 0.86% | 3.63% | 1,375 |
| 2011 | 18,824,000 | - | 534,000 | 19,358,000 | 0.82% | 3.82% | 1,460 |

134

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

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

Tax Base:

Total tax collections (including interest and lien fees) for prior year \$ 46,922,906

| | General Purpose | Schools | Sewers | Urban Renewal | Pension Deficit |
|---|----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
| Debt limitation: | | | | | |
| 2 1/4 times base | \$ 105,576,539 | \$ - | \$ - | \$ - | \$ - |
| 4 1/2 times base | - | 211,153,077 | - | - | - |
| 3 3/4 times base | - | - | 175,960,898 | - | - |
| 3 1/4 times base | - | - | - | 152,499,445 | - |
| 3 times base | - | - | - | - | 140,768,718 |
| Total debt limitation | <u>105,576,539</u> | <u>211,153,077</u> | <u>175,960,898</u> | <u>152,499,445</u> | <u>140,768,718</u> |
| Indebtedness: | | | | | |
| Bonds payable | 18,301,359 | 37,218,641 | - | - | - |
| Bond anticipation notes - short term | 3,150,000 | - | - | - | - |
| Total indebtedness | <u>21,451,359</u> | <u>37,218,641</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Debt limitation in excess of outstanding debt | <u>\$ 84,125,180</u> | <u>\$ 173,934,436</u> | <u>\$ 175,960,898</u> | <u>\$ 152,499,445</u> | <u>\$ 140,768,718</u> |
| The total net indebtedness above amounts to: | | | | | <u><u>\$ 58,670,000</u></u> |
| In no event shall total indebtedness exceed seven times the base for debt limitation computation: | | | | | <u><u>\$ 328,460,342</u></u> |

There is no overlapping debt for the Town of Clinton, Connecticut.

Table 10**Town of Clinton, Connecticut****Legal Debt Margin Information
Last Ten Years
(Unaudited)**

| Year Ended June 30 | Debt Limit | Net Debt Applicable To Limit | Legal Debt Margin | Total Net Debt Applicable |
|-----------------------------------|-----------------------|---|----------------------------------|--|
| 2020 | \$ 328,460,342 | \$ 58,670,000 | \$ 269,790,342 | 17.86% |
| 2019 | 328,744,000 | 57,925,000 | 270,819,000 | 17.62% |
| 2018 | 320,645,000 | 72,510,000 | 248,135,000 | 22.61% |
| 2017 | 269,400,000 | 58,815,000 | 210,585,000 | 21.83% |
| 2016 | 281,936,000 | 75,673,000 | 206,263,000 | 26.84% |
| 2015 | 266,946,000 | 58,273,000 | 208,673,000 | 21.83% |
| 2014 | 276,762,000 | 61,893,000 | 214,869,000 | 22.36% |
| 2013 | 263,420,000 | 67,951,000 | 195,469,000 | 25.80% |
| 2012 | 259,986,000 | 90,228,000 | 169,758,000 | 34.70% |
| 2011 | 260,308,000 | 18,524,000 | 241,784,000 | 7.12% |

Table 11

Town of Clinton, Connecticut

Demographic and Economic Statistics
Last Ten Years
(Unaudited)

| Year Ended June 30 | (1) Population | (1) Per Capita Income | (5) Personal Income | (2) Median Age | (2) Median Household Income | (6) Education Level in Years of Schooling | (3) School Enrollment | (4) Unemployment Percentage |
|--------------------------|-------------------|-----------------------------|---------------------------|----------------------|--------------------------------------|--|-----------------------------|-----------------------------------|
| 2020 | 12,925 | \$ 41,529 | \$ 536,762,325 | 44 | \$ 76,360 | 38% Bachelors or higher | 1,678 | 9.0% |
| 2019 | 13,041 | 39,713 | 517,897,233 | 46 | 76,509 | 38% Bachelors or higher | 1,742 | 3.5% |
| 2018 | 13,072 | 39,178 | 512,134,816 | 47 | 74,022 | 36% Bachelors or higher | 1,764 | 4.1% |
| 2017 | 13,167 | 36,954 | 486,573,318 | 47 | 71,455 | 35% Bachelors or higher | 1,787 | 4.7% |
| 2016 | 13,125 | 37,449 | 491,518,125 | 47 | 71,028 | 35% Bachelors or higher | 1,840 | 5.1% |
| 2015 | 13,125 | 37,449 | 491,518,125 | 47 | 71,599 | N/A | 1,900 | 5.1% |
| 2014 | 13,188 | 37,449 | 493,877,412 | 47 | 68,225 | N/A | 1,967 | 5.6% |
| 2013 | 13,260 | 37,847 | 501,851,220 | 47 | 75,122 | N/A | 1,994 | 6.6% |
| 2012 | 13,260 | 37,941 | 503,097,660 | 46 | 74,122 | N/A | 2,019 | 7.0% |
| 2011 | 13,260 | 38,219 | 506,783,940 | 47 | 74,213 | N/A | 2,036 | 6.5% |

(1) Source: U.S. Department of Commerce, Bureau of Census and American Community Survey

(2) Source: Connecticut Economic Resource Center based on U.S. Bureau of Census Data

(3) Source: Clinton Board of Education

(4) Source: Connecticut Department of Labor June of each year

(5) Source: Bureau of Economic Analysis September 2007

(6) Source: Connecticut Economic Resource Center Town Profile

N/A - Not available

Table 12

Town of Clinton, Connecticut

Principal Employers
Current Year and Nine Years Ago
(Unaudited)

| Employer | Nature of Business | 2020 | | | 2011 | | |
|---------------------------------|------------------------------------|---------------------|------|--------------------------------|---------------------|------|--------------------------------|
| | | Number of Employees | Rank | Percentage of Total Employment | Number of Employees | Rank | Percentage of Total Employment |
| Clinton Crossing | Discount Shopping Mall | 1,000 | 1 | 10.03% | 1,000 | 1 | 10.07% |
| Town of Clinton | Local Government | 399 | 2 | 4.00% | 405 | 2 | 4.08% |
| Stop & Shop | Supermarket | 130 | 3 | 1.30% | 130 | 4 | 1.31% |
| Connecticut Water Company | Water Utility | 118 | 4 | 1.18% | 118 | 6 | 1.19% |
| ShopRite | Supermarket | 110 | 5 | 1.10% | 125 | 5 | 1.26% |
| Bausch Advanced Technologies | Manufacturer Specialized Packaging | 83 | 6 | 0.83% | - | - | - |
| Ocean State Job Lot | Retail | 37 | 7 | 0.37% | - | - | - |
| Cedar Island | Marina | 35 | 8 | 0.35% | 35 | 8 | 0.35% |
| TJMaxx | Clothing | 34 | 9 | 0.34% | 34 | 9 | 0.34% |
| Sound Petroleum Inc. | Oil/Propane | 25 | 10 | 0.25% | - | - | - |
| Clinton Nursery | Nursery Supplier | - | - | - | 90 | 7 | 0.91% |
| Unilever Home and Personal Care | Health/Beauty aids | - | - | - | 300 | 3 | 3.02% |
| Totals | | <u><u>1,971</u></u> | | <u><u>19.75%</u></u> | <u><u>2,237</u></u> | | <u><u>22.53%</u></u> |

Source: Community Development Department and bond official statement telephone survey

Table 13

Town of Clinton, Connecticut

Full-Time Equivalent Employees by Function/Program
Last Ten Years
(Unaudited)

| Function/Program | June 30, | | | | | | | | | | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | |
| General government | 23 | 23 | 25 | 25 | 25 | 24 | 24 | 22 | 21 | 21 | |
| Police | 35 | 34 | 36 | 36 | 36 | 36 | 33 | 33 | 34 | 34 | |
| Other public works | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | |
| Parks and recreation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | |
| Health and well being | 4 | 4 | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 4 | |
| Education | <u>320</u> | <u>328</u> | <u>333</u> | <u>349</u> | <u>338</u> | <u>344</u> | <u>348</u> | <u>336</u> | <u>340</u> | <u>330</u> | |
| Total | <u><u>399</u></u> | <u><u>406</u></u> | <u><u>414</u></u> | <u><u>430</u></u> | <u><u>419</u></u> | <u><u>424</u></u> | <u><u>425</u></u> | <u><u>411</u></u> | <u><u>414</u></u> | <u><u>405</u></u> | |

Source: Town and Board of Education Human Resources Departments.

Table 14

Town of Clinton, Connecticut
Operating Indicators by Function/Program
Last Ten Years
(Unaudited)

| Function / Program | For the Year Ended June 30, | | | | | | | | | |
|---------------------------------------|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| General government: | | | | | | | | | | |
| Building permits issued | 1,001 | 1,079 | 1,072 | 909 | 977 | 877 | 1,034 | 1,037 | 958 | 736 |
| Building inspections conducted | 1,328 | 1,400 | 1,530 | 1,414 | N/A | N/A | N/A | N/A | N/A | N/A |
| Police: | | | | | | | | | | |
| Physical arrests | 311 | 445 | 491 | 529 | 538 | 724 | 741 | 632 | 732 | 761 |
| Parking violations | 44 | 62 | 88 | 2 | 10 | 50 | 58 | 19 | 21 | 20 |
| Traffic violations | 599 | 1,728 | 1,712 | 2,163 | 2,135 | 3,092 | 2,351 | 2,257 | 2,275 | 2,886 |
| Fire: | | | | | | | | | | |
| Emergency responses | 1,933 | 2,088 | 2,207 | 2,130 | 1,758 | 1,829 | 1,616 | 1,606 | 1,680 | 1,683 |
| Fires extinguished | 31 | 73 | 70 | 61 | 54 | 64 | 55 | 68 | 75 | 75 |
| Other public works: | | | | | | | | | | |
| Street resurfacing (miles) | 5 | - | - | - | 14 | N/A | N/A | N/A | N/A | N/A |
| Potholes repaired | 250 | 200 | 275 | 275 | 110 | N/A | N/A | N/A | N/A | N/A |
| Parks and recreation: | | | | | | | | | | |
| Athletic field permits issued | 1,885 | 2,012 | 2,600 | 2,600 | 2,334 | 2,134 | 2,257 | 2,412 | 2,371 | 2,296 |
| Community center admissions | 153 | 282 | 269 | 476 | 302 | 309 | 314 | 296 | 285 | 295 |
| Number of program registrations | 3,033 | 3,195 | 3,756 | 4,087 | 3,776 | 3,542 | 3,489 | 3,647 | 3,142 | 3,363 |
| Program fees | 71,301 | 169,489 | 160,386 | 226,924 | 220,959 | N/A | N/A | N/A | N/A | N/A |
| Number of senior citizen participants | 1,095 | 1,662 | 482 | 324 | 317 | 302 | 324 | 295 | 287 | 299 |
| Human services: | | | | | | | | | | |
| Number of program participants | 1,442 | 848 | 1,038 | 1,005 | 1,105 | 352 | 322 | 304 | 167 | 133 |
| Library: | | | | | | | | | | |
| Volumes in collection | 69,704 | 74,546 | 74,680 | 78,358 | 81,122 | 84,243 | 84,800 | 85,153 | 86,420 | 87,887 |
| Total volumes borrowed | 111,262 | 138,125 | 172,246 | 175,186 | 215,679 | 236,277 | 247,873 | 264,313 | 280,001 | 325,205 |
| Total programs | 835 | 1,160 | 908 | 991 | 858 | 840 | 541 | 322 | N/A | N/A |
| Total program attendance | 18,658 | 24,078 | 14,852 | 17,548 | 14,456 | 14,949 | 10,840 | 6,683 | 8,886 | 12,467 |
| Annual door count | 123,500 | 155,856 | 142,069 | 131,551 | 126,858 | 125,665 | 110,805 | 108,742 | N/A | N/A |
| Computer usage (1/2 hour sessions) | 96,500 | 128,314 | 120,659 | 116,649 | 112,163 | 102,060 | 101,967 | 97,200 | N/A | N/A |
| Wifi Usage | 128,960 | 119,600 | 115,180 | 108,160 | 85,020 | 5,900 | 6,898 | 4,992 | 4,150 | 3,900 |

Source: Town Departments.

N/A - Not available

Table 15

Town of Clinton, Connecticut

Capital Asset Statistics by Function/Program
Last Ten Years
(Unaudited)

| Function / Program | June 30, | | | | | | | | | |
|-----------------------------------|----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Fire stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Other public works: | | | | | | | | | | |
| Streets (miles) | 77.33 | 77.33 | 77.33 | 77.33 | 76.49 | 76.49 | 76.49 | 75.99 | 75.99 | 75.99 |
| Catch basin structures | 1,728 | 1,728 | 1,728 | 1,728 | N/A | N/A | N/A | N/A | N/A | N/A |
| Storm drain (miles) | 30 | 30 | 30 | 30 | N/A | N/A | N/A | N/A | N/A | N/A |
| Streetlights | 694 | 694 | 685 | 695 | N/A | N/A | N/A | N/A | N/A | N/A |
| Park and recreation: | | | | | | | | | | |
| Acreage | 108 | 108 | 108 | 108 | 108 | 108 | 108 | 108 | 108 | 108 |
| Playgrounds | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Baseball/softball diamonds | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Basketball courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Pickle ball court | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Soccer/football fields | 13 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Community centers | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Town beach | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Glenwood Road/passive recreation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Hesers Pond/passive recreation | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Dog Park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Concession stands/restrooms | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Press booths | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Pavilions | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Splash pads | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | N/A | N/A |
| Administrative/community building | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation complexes | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Walking trails | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Education: | | | | | | | | | | |
| Number of high schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of middle schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of elementary schools | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: Various Department Directors.

N/A - Not available