

**Town of Wallingford, Connecticut
Comprehensive Annual Financial Report**

**For the Fiscal Year Ended
JUNE 30, 2020**

**TOWN OF WALLINGFORD, CONNECTICUT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
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 JUNE 30, 2020**

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Introductory Section

TOWN OF WALLINGFORD, CONNECTICUT

TOWN OFFICIALS AS OF JUNE 30, 2020

PRINCIPAL OFFICIALS

MAYOR

William W. Dickinson, Jr.

TOWN COUNCIL

Vincent Cervoni, Chair
Thomas Laffin, Vice Chair
Craig C. Fishbein
Joseph A. Marrone III
Gina Morgenstein
Christopher K. Shortell
Christina Tatta
Vincent F. Testa Jr.
Jason Zandri

APPOINTED OFFICIALS

Town Attorney
Corporation Counsel
Town Clerk
Comptroller
Deputy Comptroller
Treasurer
Tax Collector
Purchasing Agent
Assessor
Director of Public Works
Building Inspector
Town Engineer
Economic Devel./Business Recruiter
Chief of Police
Fire Chief/EMD
Animal Control Officer
Director of Health
Recreation Director
Personnel Director
Town Planner
Environmental Planner

Gerald Farrell, Sr.
Janis Small
Barbara Thompson
James M. Bowes
Timothy M. Sena
open
Jo-Anne Rusczyk
Sal Amadeo
Shelby Jackson, III
Robert Baltramaitis
Justin Rossetti
Alison Kapushinski
Tim Ryan
William Wright
Richard Heidgerd
Katie Ehlers
Steven Civitelli
Ken Michaels
James Hutt
Kacie Costello
Erin O'Hare

BOARD OF EDUCATION

Karen Hlavac, Chair
Autumn Allinson
Kathy Castelli
Erin Corso
Patty Pursell
Tammy Raccio
Patrick Reynolds
Ray Ross
Michael J. Votto, Sr.

APPOINTED OFFICIALS

Superintendent of Schools
Assistant Superintendents
Business Manager

Dr. Salvatore Menzo
Danielle Bellizzi, Carrie LaTorre
Dominic Barone

PUBLIC UTILITIES COMMISSION

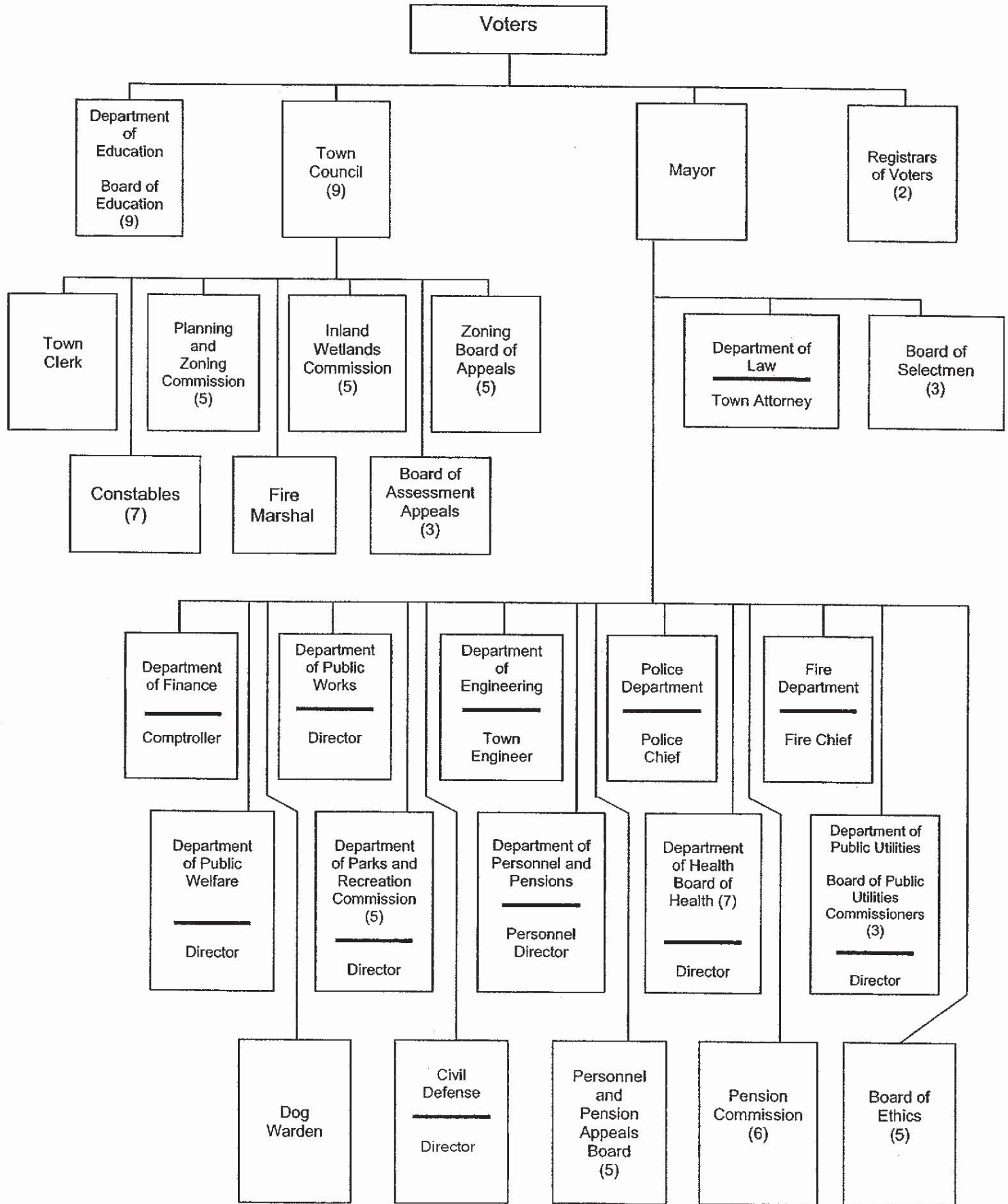
Robert Beaumont, Chair
Patrick Birney
Joel Rinebold

APPOINTED OFFICIALS

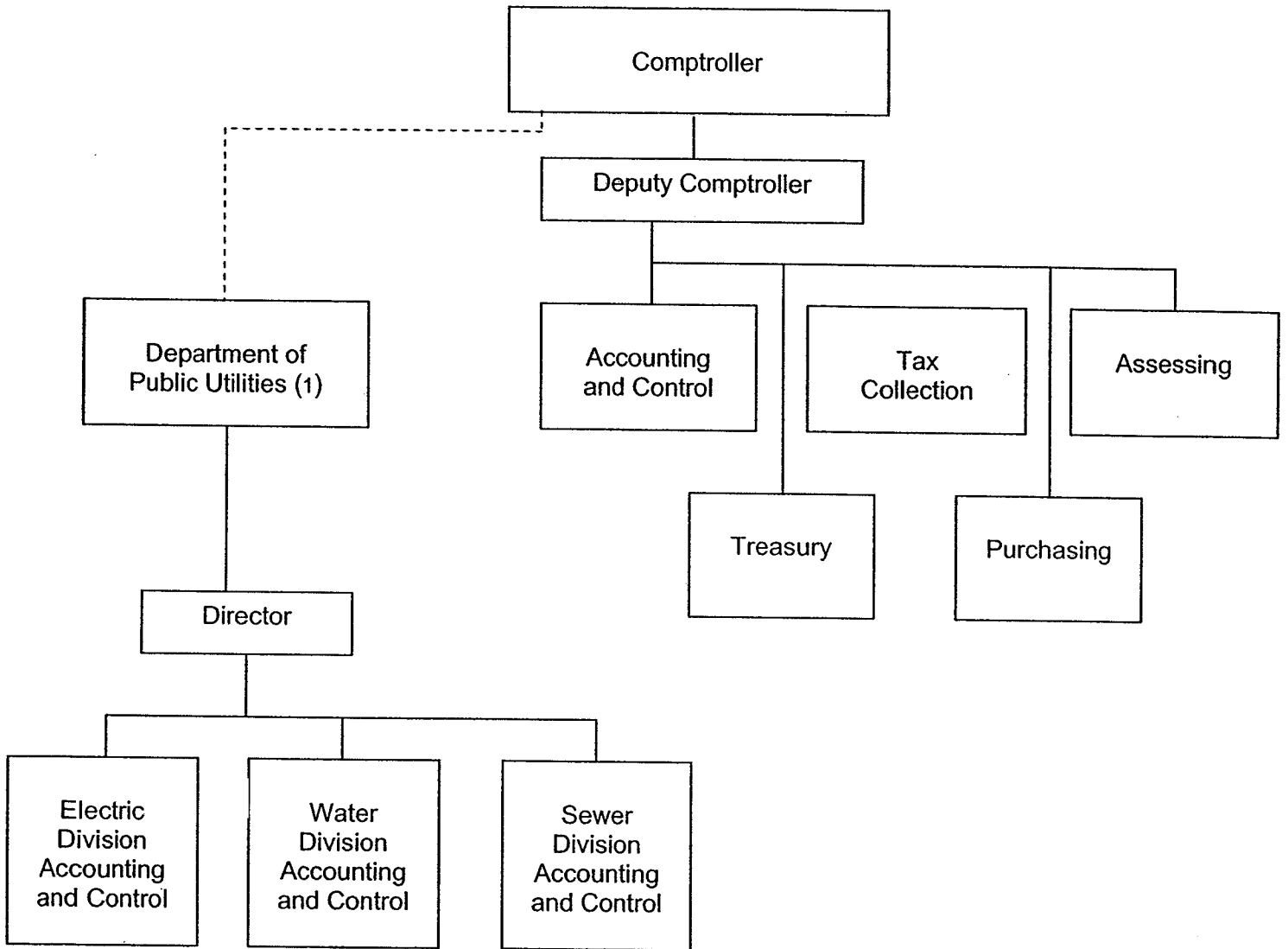
PUC Director
General Manager-Electric Division
General Manager-Water & Sewer Division
Business Manager-Electric Division
Business Manager-Water & Sewer Division

Richard A. Hendershot
Antonino Buccheri
Neil Amwake
Thomas Sullivan
William Phelan

**Wallingford Town Government
Organization Chart**



**Wallingford Department of Finance
Organization Chart**



(1) The Comptroller has fiscal responsibility and control over the Department of Public Utilities as prescribed by the Town Charter.



Government Finance Officers Association

Certificate of
Achievement
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Presented to

**Town of Wallingford
Connecticut**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



Town of Wallingford, Connecticut

JAMES M. BOWES
COMPTROLLER

DEPARTMENT OF FINANCE
45 SOUTH MAIN STREET
WALLINGFORD, CONNECTICUT 06492
TELEPHONE (203) 294-2040

January 27, 2021

To the Citizens of the Town of Wallingford, Connecticut
Honorable Mayor William Dickinson and
Members of the Town Council

I am pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Wallingford, Connecticut (the Town) for the fiscal year ended June 30, 2020. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner to present fairly the financial position and results of operations of the Town. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and State financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. Copies of the reports are on file in the Town Clerk's office.

CliftonLarsonAllen LLP, Certified Public Accountants (who merged with Blum, Shapiro & Company, P.C.) have audited the financial statements of the Town of Wallingford. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2020 are free of material misstatements. 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 presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The independent auditors' opinion is presented as the first component of the financial section of this report. Included in the audit report is a section called Management's Discussion and Analysis, which provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020.

PROFILE OF THE TOWN

Wallingford was settled in 1638 and incorporated in 1670. A separate borough of Wallingford was incorporated in 1853, and on June 3, 1957 the Borough and Town voted to consolidate effective January 1, 1958. The Town serves a population of approximately 46,000 and covers an area of 39.8 square miles astride the Quinnipiac River in south central Connecticut.

The Town has operated under a Mayor-Council form of government since 1962. The Town Council consists of nine members with minority representation guaranteed. Members are elected to two-year terms. The legislative power of the Town is vested exclusively in the Town Council. The Mayor is elected separately from the Council. In accordance with Town Charter, the Mayor is the Chief Executive Officer of the Town. The Mayor is directly responsible for the administration of all departments, ensures all laws and ordinances governing the town are executed, attends all Council meetings, makes reports and recommendations to the Council for action, submits an annual budget and exercises other powers and duties as may be required by ordinance or resolution of the Council.

The Town provides a full range of municipal services including public safety (police, fire and emergency medical and transport services), street maintenance, health and social services, solid waste disposal, parks, recreation, libraries, public education, utilities (electric, sewer and water) and general administration.

Department of Public Utilities

The Department of Public Utilities (DPU) is responsible for the provision of electric, water and sewer services, under the jurisdiction of a Board of Public Utility Commissioners consisting of three members appointed by the Mayor and confirmed by the Town Council. The Town Council has oversight of the actions of the board and may veto any action, except personnel appointments, by a positive act of seven or more affirmative votes within fifteen days of any action. The Commissioners appoint a Director of Public Utilities who is responsible for the efficient and economical operation of the Department. The Town's Comptroller, by Charter, is the fiscal officer of the Utility Department.

Electric Division

The Electric Division, created in 1899, is overseen by a General Manager. Prior to January 1, 2014, it purchased electric power jointly with the other five municipally owned electric utilities in Connecticut through participation with the Connecticut Municipal Electric Energy Cooperative (CMEEC). Beginning on January 1, 2014 the Town left CMEEC and began purchasing electric power directly on the open power procurement market, (the Independent System Operators of New England), using the services of a third-party consultant. The Division distributes the power and provides electrical service to residential, commercial and industrial customers of Wallingford and the Northford section of North Branford at rates that are consistently 30% to 35% lower than the two stockholder owned power companies in Connecticut, Eversource (formerly the Connecticut Light and Power Company division of Northeast Utilities Inc.) and United Illuminating Inc. Average daily consumption of power is approximately 1,660 megawatt hours. The Division owns 402 miles of electrical lines and serves approximately 24,850 customers.

Water Division

The Water Division is managed by the General Manager of Water and Sewer. The Division operates a filter plant and maintains four reservoirs with usable storage capacity of 1.9 billion gallons and three wells with a safe daily yield of 2.7 million gallons. Average water production is about 3.6 million gallons per day. There are approximately 7 miles of raw water mains, 200 miles of finished water mains, 1,336 public hydrants, 492 private hydrants, five booster stations and 3 raw water transfer stations. The Division serves approximately 14,088 customers.

Sewer Division

The Sewer Division is also managed by the General Manager of Water and Sewer, and is responsible for treating domestic wastewater. The Division operates 12 pumping stations and treats a daily average in excess of 6 million gallons. There are approximately 199 miles of accepted sewer mains. The Sewer treatment plant is designed to treat an average flow of eight million gallons per day. The Division serves in excess of 13,500 customers.

Accounting System and Budgetary Control

Management of the government is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government 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 control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of control should not exceed the benefits likely to be derived, and 2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations, with the exception of the School Activity Fund, certain leases and the Scholarship Fund that by Connecticut State Statute are in the custody and control of the Board of Education, occur within the above framework. As Comptroller and Chief Financial Officer, I believe the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgeting is an essential element of financial planning, control and evaluation of operations. The annual operating budgets are legally adopted plans of financial operation embodying estimates of proposed expenditures for specific purposes and the methods of financing them. Budgetary control for the General Fund and Enterprise Funds is maintained at the operating department level on an object basis. The Town Charter prescribes the budget authorization process, which is described in the Notes to the Financial Statements, included herewith. The encumbrance method is employed to record obligations by line items. Certification of fund availability is required prior to issuance of purchase orders. Those encumbrances for which goods and services have not been received on June 30 of each year are reported as part of Assigned Fund Balance.

The Department of Finance employs a monthly reporting system. Management uses these monthly financial statements to administer and monitor the Town's financial position.

ECONOMIC CONDITION

Local Economy

Wallingford's overall economy, as evidenced by real estate values, unemployment data, and Grand List growth, has shown mixed results since last year. Real estate values have remained stable since the last State-mandated revaluation of October 1, 2015, in sharp contrast to declines experienced in many areas of the State. The Town's unemployment rate at fiscal year ending June 30, 2020 of 8.6% is more than double the rate at June 30, 2019 of 4.0% due to the impact of the COVID-19 pandemic. Although months subsequent to June 30, 2020 show a decline in the unemployment rate to 4.1% at the end of October 2020, future effects of the pandemic are difficult to predict.

The Town's Grand List of October 1, 2018, a summary of all taxable real estate, motor vehicles and business property in town in effect for fiscal 2019/2020, increased by 1.19% over last year. This was primarily due to the addition of taxable business property from new industrial and commercial accounts.

As previously reported in past CAFRs, in June 2015, Bristol Myers Squibb (BMS) announced plans to gradually close their research and development (R&D) facility in Wallingford as they strategically move away from virology R&D, which was performed in Wallingford, and focus on immunology R&D. Operations were phased out at the facility, which was completed in January 2019. Recognizing that the fair market value of a facility that was to be unoccupied is much lower than previously assessed, the Town and BMS reached an agreement to a three-year phase-in to reduce the assessed value, which is now complete. BMS sold its facility to Calare Properties of Hudson, Massachusetts, who intends to either find tenants or redevelop the building and accompanying 180-acre campus.

Due to these factors, and the uncertainty of any development of the former BMS campus, we anticipate modest short-term growth in future Grand Lists of taxable property.

In such challenging financial times, economic development efforts are vital to retain current businesses and attract new ones. A primary goal of the Town is to maintain and expand a diversified industrial and commercial tax base. The Town heavily promotes its five office and industrial parks and the Interchange Zone. The office and industrial parks primarily house small to mid-sized manufacturers in a wide array of industries. The Interchange Zone, approximately 360 acres located at the intersection of Interstate 91 and State Route 68, is zoned for development of office parks, research and development centers and hotels.

The Town also utilizes a tax incentive program to lure new businesses into these areas. This program abates 20% of real estate taxes for seven years for companies that relocate to these areas and construct at least 60,000 square feet of new facilities costing \$12 million or more.

The following identifies some of the major results of these efforts during fiscal 2019/2020:

- 1070 North Farms Rd LLC constructed an 80,500 square foot warehouse on Northrop Industrial Park Road West which Best Buy uses as a distribution center. This added almost \$3.2 million to the Grand List.
- IAMTHEWALRUS LLC completed a 19,000 square foot retail building which houses the Tractor Supply Store, adding \$2.4 million to the Grand List.
- Wallingford Cos LLC constructed a 22,000 square foot medical office building on North Colony Road, adding \$3.1 million to the Grand List.

In addition, the following residential construction activity occurred during fiscal 2019/2020:

- 665 Foxon Road LLC completed addition of 51,000 square feet of rental apartment units to the Parker Place complex, to bring the total to 319 units.
- Construction was completed on a 13-unit development of single-family houses ranging from 2,050 square feet to 3,500 square feet on Royal Oak Lane. Sales prices of these units ranged from \$427,000 to \$540,000.
- Construction was completed on subdivisions at 605 North Elm Street (four 2,500 square foot single family houses) and Hidden Brook Road (seven colonial style houses). Sales prices of these units ranged from \$427,000 to \$540,000.

State Route 5 is a large retail and commercial hub. Economic activity along this major artery remains active, as several retailers, restaurants and other commercial enterprises constructed new buildings or completed renovation of existing ones in fiscal 2019/2020. These included construction of a 10,750 square foot commercial plaza housing an AT&T store, and Starbuck and Pancheros Mexican Grill franchises.

Employment diversification is demonstrated by Wallingford's major employers ranging from medical device manufacturers, subcontractors for the U.S. Defense Department, private hospitals and schools, specialty steel manufacturers, health insurers and service centers, plastic and resin manufacturers, mobile communication operation centers, auto dealerships, warehouse and distribution centers, retail stores and diagnostic laboratories.

Long-term Financial Planning

Capital Improvement Plan

The Town, through ordinance, established a Capital Non-Recurring Fund to accumulate funds to finance its six-year capital improvement plan. This ordinance allows for funds to be raised for financing these activities from annual P.I.L.O.T. contributions from the Town's Electric Division, General Fund appropriation, Federal and State grants and bonding. The Town, however, has avoided bonding these projects for the last 19 years to maintain a low level of debt service. Projects included in the six-year capital plan are primarily major reconstruction or rehabilitation of roads, sidewalks, bridges and culverts; and open space purchases.

During fiscal year 2019/2020, the Town expended approximately \$4 million of Capital Non-Recurring funds, primarily for rehabilitation of several local streets and sidewalks projects.

Planning for One Time Revenue Distribution

The Town received total distributions of approximately \$13 million from the Connecticut Resource Recovery Authority (CRRA) over the last nine fiscal years. The CRRA, a public instrumentality of the State of Connecticut, had leased the Town-owned landfill since 1988 as part of its mass burn, waste to energy project. In December 2008, Wallingford and the other four other municipal members of this project entered into a new contract for these services, which took effect in July 2010. Each municipal member received its pro-rata distribution of certain tip fee amounts collected and held by the CRRA since 1988 for various capital and reserve funds. The Town of Wallingford established a Special Revenue Fund to record this financial activity.

During fiscal year 2019/2020 the Town expended \$329 thousand of these funds for a Public Works plow truck and backhoe loader and \$851 thousand for a Fire Department Quint/Pumper truck.

The Town intends to utilize the remaining balance of these funds for capital or emergency needs.

These actions have maintained the Town's past practice of utilizing material one-time revenue sources such as this for capital, non-recurring needs that will provide long-term benefit to its citizens and reduce the need to incur debt for these expenditures.

Major Initiatives

During the fiscal year the Town expended \$2 million of the total authorized \$11.2 million Phase II of the Board of Education Capital Improvement Program, mostly to reconstruct high and middle school auditoriums and window replacement projects at four schools. These projects are expected to be completed in fiscal 2020/2021.

The Town also expended \$819 thousand of the total authorized \$6.2 million on the Town-wide Radio Communication upgrade project. The system includes new hardware, software and infrastructure to integrate communication between public safety, public works and other functions. This project is expected to be completed in fiscal 2020/2021.

The Town began construction to upgrade the water pollution control facility/treatment plant to treat phosphorous before discharge into the Quinnipiac River. Temporary funding has been provided by the State Clean Water Fund grant and loan program for this State-mandated project estimated at \$60,000,000. Any funds borrowed in the future for this project will be repaid through sewer rates and recorded in the Town's Sewer Enterprise Fund.

The Town hired an appraisal firm and began the State-mandated process of revaluation of all real estate parcels. This will affect the values as of the October 1, 2020 Grand List, which will take effect starting fiscal year 2021/2022.

Cash Management

State of Connecticut General Statutes promulgate the allowable investment products for municipal funds. The Department of Finance is responsible for the treasury function and utilizes a short-term cash management approach. The three main objectives of the Town's operating cash policy are safety of principal; liquidity; and rate of return. Available cash is invested on a daily basis in certificates of deposit ranging from 7 to 200 days, municipal money market accounts and other products allowed by State law. Derivatives and highly leveraged investments are not utilized for operating cash management purposes because of their unacceptable exposure to risk.

Consolidated Pension Plan

The Town is responsible for the administration of a single employer, contributory, defined benefit consolidated pension plan covering virtually all full-time Town employees and noncertified members of the Board of Education (certified teachers are covered by the Connecticut State Teachers Retirement Board).

A six-member Pension Commission, consisting of the Comptroller, Treasurer, Personnel Director and three mayoral appointees oversees the investment of pension funds in accordance with the Town Charter. The Commission employs an independent investment consultant to assist selecting investment options and measure performance. The Commission utilizes an adopted Investment Policy Statement to communicate goals, strategy and performance expectations and utilizes an investment strategy to generate long-term steady growth. Performance is compared to appropriate benchmarks. The Commission meets quarterly with its consultant to review performance and as needed to address other pertinent issues related to the pension fund assets.

Volunteer Firefighters' Plan

The Town implemented a Length of Service Award Program (the Plan) for the exclusive benefit of its volunteer firefighters. The Plan was adopted in accordance with provisions of Connecticut General Statutes and became effective January 1, 1992. The reader's attention is directed to the Notes to Financial Statements in the Financial Section of this report for full disclosure of this plan.

Risk Management and Insurance

The Risk Management Office, a unit of the Department of Personnel and Pensions, administers the property and casualty insurance programs, and the workers' compensation benefits program. A professional risk manager supervises this function. In addition, the Town has retained an experienced risk management-oriented broker/agent to serve as a consultant to the Town.

The Town is self-insured for worker's compensation claims. A professional third-party administrator investigates claims and processes them for payment. Weekly disability and medical benefit payments and specific awards granted by the state Worker's Compensation Commission are budgeted annually.

The Town is self-insured for employee health claims and costs. A professional third-party administrator processes claims, reports financial activity, monitors costs and trends, and prepares analyses for annual budget purposes. The Town procures the service of a professional consulting firm to assist in this function.

The Town procures insurance policies with commercial insurance companies to protect itself against various property and liability exposures such as general liability, property damage and errors and omissions.

Debt Administration

The Town utilizes a combination of self-financing and issuance of general obligation bonds when planning and implementing major improvements and managing its debt position. The full faith and credit of the Town supports all bonded debt. Bonds are used to finance only large-scale permanent improvements, such as schools, public libraries and public safety facilities. The Town does not issue bonds for operating costs or replacement equipment.

General obligation bonds are also issued to finance major capital improvements to the Town's three utility systems. The principal and interest on these bonds are completely supported by the respective utility rate and additionally are backed by the full faith and credit of the Town.

Debt administration is guided by the following significant financial practices: maintain steady debt service funding as existing issues mature, provide additional or level funding in each successive fiscal year, maintain rapid retirement schedules for new debt, attempt to avoid entering the short term market by utilizing the Town's favorable cash position and self-finance at least a portion of each project's cost to reduce debt issuance.

The Town sold no bonds during fiscal 2019/2020. At its last sale of \$16,650,000 of General Obligation Bonds in March of 2019, Moody's Investor Service assigned its AA1 credit rating to the Town for this transaction.

AWARDS AND ACKNOWLEDGEMENTS

The 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 Wallingford for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. The June 30, 2019 CAFR was determined to be easily readable, efficiently organized and in compliance with generally accepted accounting principles and legal requirements in order to be awarded this designation by the GFOA.

The preparation of this report could not have been accomplished without the professional and dedicated services of the management and staff of the Department of Finance, especially Deputy Comptroller Tim Sena, as well as members of other departments who provided information to assist in its compilation. I hereby express my sincere appreciation to all of you.

I extend my sincere appreciation to Mayor William W. Dickinson for his consistent approach in conducting the financial operations of the community in a professional and prudent manner and maintaining a long-term financial position outlook in fiscal decision making. I also thank the Mayor and Town Council members for their support of the financial function of the Town and for conducting the financial operations of the Town in a responsible manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "James M. Bowes". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James M. Bowes,
Comptroller

Financial Section



Independent Auditors' Report

To Members of Town Council
Town of Wallingford, Connecticut

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Wallingford, Connecticut, 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 OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The 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.

The Town of Wallingford, Connecticut's basic financial statements for the year ended June 30, 2019 (not presented herein) were audited by other auditors whose report thereon dated December 12, 2019 expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2019 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2019 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In their opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 on our consideration of the Town of Wallingford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Wallingford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Wallingford, Connecticut's internal control over financial reporting and compliance.



West Hartford, Connecticut
January 27, 2021

**TOWN OF WALLINGFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2020**

This discussion and analysis of the Town of Wallingford, Connecticut's (the Town) financial performance is offered by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2020. Please read this MD&A in conjunction with the transmittal letter and the Town's financial statements, Exhibits I to IX.

Financial Highlights

- The Town's total net position increased as a result of this year's operations by \$6.2 million, an increase of 2.2% from last year.
- During the year, governmental activity expenditures exceeded revenues by \$5.1 million (including transfers) and business-type activities revenues exceeded expenses by \$11.3 million (including transfers).
- Total cost of all of the Town's programs was \$279.2 million, a decrease of .25% from last year, primarily due to lower Electric Division expenses for purchased power.
- The General Fund reported a total fund balance this year of \$28.6 million, which includes \$16.3 million 'Unassigned' and available for future use.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The statement of net position and the statement of activities (Exhibits I and II, respectively) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements are presented in Exhibits III to IX. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

Government-Wide Financial Statements

The analysis of the Town as a whole begins with Exhibits I and II. The statement of net position and the statement of activities report information about the Town as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in them. The Town's net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. The reader needs to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net position and the statement of activities, the Town is divided into two types of activities:

- *Governmental Activities* - Most of the Town's basic services are reported here, including education, public safety, public works, health and social services, parks and recreation and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.
- *Business-Type Activities* - The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's Electric Fund, Water Fund and Sewer Fund are reported here.

Fund Financial Statements

The fund financial statements begin with Exhibit III and provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by Charter. However, the Town establishes many other funds to help control and manage financial activities for particular purposes (like the capital projects funds) or to show that it is meeting legal responsibilities for using grants, and other money (like grants received from the State of Connecticut's Department of Education). The Town's funds are divided into three categories; governmental, proprietary and fiduciary.

- *Governmental Funds (Exhibits III and IV)* - Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds (Exhibits V, VI and VII)* - When the Town charges customers for the services it provides, whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the Town's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.
- *Fiduciary Funds (Exhibits VIII and IX)* - The Town is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the Town's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

- The Town's combined net position increased from \$278.1 million to \$284.3 million. This was primarily due to capital additions made during the fiscal year for the Sewer Plant upgrade project. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

**TABLE 1
NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 54,144	\$ 64,277	\$ 71,662	\$ 63,960	\$ 125,806	\$ 128,237
Capital assets	239,033	241,231	117,249	104,809	356,282	346,040
Total assets	<u>293,177</u>	<u>305,508</u>	<u>188,911</u>	<u>168,769</u>	<u>482,088</u>	<u>474,277</u>
Deferred outflows of resources	<u>20,650</u>	<u>10,995</u>	<u>4,111</u>	<u>2,536</u>	<u>24,761</u>	<u>13,531</u>
Long-term debt outstanding	162,249	151,265	31,912	21,745	194,161	173,010
Other liabilities	11,605	11,082	13,929	13,739	25,534	24,821
Total liabilities	<u>173,854</u>	<u>162,347</u>	<u>45,841</u>	<u>35,484</u>	<u>219,695</u>	<u>197,831</u>
Deferred inflows of resources	<u>2,541</u>	<u>11,621</u>	<u>339</u>	<u>278</u>	<u>2,880</u>	<u>11,899</u>
Net Position:						
Net investments in capital assets	201,373	199,111	106,612	101,859	307,985	300,970
Restricted	1,541	1,473	1,049	307	2,590	1,780
Unrestricted	<u>(65,482)</u>	<u>(58,049)</u>	<u>39,181</u>	<u>33,377</u>	<u>(26,301)</u>	<u>(24,672)</u>
Total Net Position	\$ <u>137,432</u>	\$ <u>142,535</u>	\$ <u>146,842</u>	\$ <u>135,543</u>	\$ <u>284,274</u>	\$ <u>278,078</u>

**TABLE 2
CHANGES IN NET POSITION
(In Thousands)**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,681	\$ 9,751	\$ 83,798	\$ 90,241	\$ 91,479	\$ 99,992
Operating grants and contributions	47,067	36,736			47,067	36,736
Capital grants and contributions	1,747	846	7,038	88	8,785	934
General revenues:						
Property taxes	125,331	122,128			125,331	122,128
Grants and contributions not restricted to specific purposes	7,343	6,465			7,343	6,465
Unrestricted investment earnings	949	1,101	765	941	1,714	2,042
Other general revenues	2,097	2,806	1,615	1,627	3,712	4,433
Total revenues	<u>192,215</u>	<u>179,833</u>	<u>93,216</u>	<u>92,897</u>	<u>285,431</u>	<u>272,730</u>
Program expenses:						
General government	25,872	30,703			25,872	30,703
Public safety	21,964	20,938			21,964	20,938
Public works	11,218	10,432			11,218	10,432
Health and social services	2,609	2,627			2,609	2,627
Parks and recreation	2,526	2,496			2,526	2,496
Education	133,655	123,742			133,655	123,742
Interest on long-term debt	1,282	1,017			1,282	1,017
Electric			65,691	73,727	65,691	73,727
Water			6,864	7,043	6,864	7,043
Sewer			7,554	7,179	7,554	7,179
EMS Transport					-	-
Total expenses	<u>199,126</u>	<u>191,955</u>	<u>80,109</u>	<u>87,949</u>	<u>279,235</u>	<u>279,904</u>
Change in net position before transfers	(6,911)	(12,122)	13,107	4,948	6,196	(7,174)
Transfers	<u>1,808</u>	<u>1,901</u>	<u>(1,808)</u>	<u>(1,901)</u>	<u>-</u>	<u>-</u>
Change in net position	(5,103)	(10,221)	11,299	3,047	6,196	(7,174)
Net Position at Beginning of Year	<u>142,535</u>	<u>152,756</u>	<u>135,543</u>	<u>132,496</u>	<u>278,078</u>	<u>285,252</u>
Net Position at End of Year	<u>\$ 137,432</u>	<u>\$ 142,535</u>	<u>\$ 146,842</u>	<u>\$ 135,543</u>	<u>\$ 284,274</u>	<u>\$ 278,078</u>

The net position of the Town's Governmental activities decreased by \$5.1 million, from \$142.5 million to \$137.4 million. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased by \$7.5 million, from (\$58) million to (\$65.5) million. This was primarily due to expenditures for capital items in this fiscal year which will be bonded next fiscal year.

The net position of the Town's Business-type activities increased by \$11.3 million from \$135.5 million to \$146.8 million due mostly to the operating surplus in the Electric Division due to lower purchased power costs and the Sewer Plant upgrade construction.

The Town's total revenues (excluding transfers) were \$285.4 million. The total cost of all programs and services was \$279.2 million. Our analysis below separately considers the operations of governmental and business-type activities.

Governmental Activities

Governmental activities decreased the Town's net position by \$5.1 million. Revenues of the Town's total governmental activities increased \$12.4 million in 2020, \$192.2 million compared to \$179.8 million. This is primarily due to the increase in the payment by the State to the Teacher's Retirement Fund for Wallingford certified education employees. The increase in expenditures of \$7.2 million, \$199.1 million versus \$191.9 million for Governmental activities is attributed to this also. Governmental Accounting Standards require that this payment by the State be recognized in the financial statements as both a revenue and an expenditure. Despite this overall decrease in net position, budgetary conservatism allowed the Town to provide services consistent with previous years' levels.

Table 3 presents the cost of each of the Town's five largest programs - general government, public safety, public works, health and social services, and education - as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

**TABLE 3
GOVERNMENTAL ACTIVITIES
(In Thousands)**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General government	\$ 25,872	\$ 30,703	\$ 23,878	\$ 29,649
Public safety	21,964	20,938	18,550	16,586
Public works	11,218	10,432	10,035	9,917
Health and social services	2,609	2,627	2,109	1,443
Education	133,655	123,742	85,130	84,532
All others	<u>3,808</u>	<u>3,513</u>	<u>2,929</u>	<u>2,495</u>
Total	<u>\$ 199,126</u>	<u>\$ 191,955</u>	<u>\$ 142,631</u>	<u>\$ 144,622</u>

Business-Type Activities

Business-type activities increased the Town's net position by \$11.3 million, primarily due to the aforementioned lower purchased power costs and cost of the Sewer Plant upgrade project capitalized as an asset during the fiscal year.

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

At June 30, 2020 the Town's governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$32.1 million, a decrease of \$3.7 million from last year's total of \$35.8 million, mostly due to cash expended for capital projects authorized for bonding which will be bonded next fiscal year.

Included in this year's total change in fund balance is an increase of \$2.4 million in the Town's General Fund. The Town assigned \$1.4 million more to balance the 2020/2021 budget, \$7.4 million versus \$6 million, and also approved \$1.2 more for appropriations-in-force, \$3.7 million versus \$2.5 million, than last fiscal year ending 2019. The Unassigned Fund Balance for the General Fund decreased \$511 thousand from 2019. The primary reasons for this mirror the General Fund activities analysis highlighted in RSI-1 and RSI-2.

General Fund Budgetary Highlights

The following were the primary General Fund revenue budget variances:

The Town collected \$426 thousand more in prior year levied tax collections due to more assertive tax collection measures.

The Town received \$792 thousand more in the Municipal Revenue Sharing Grant for capital projects revenue, as the State increased these grants to some municipalities after Wallingford's budget was adopted. In addition, the Town received \$420 thousand FEMA reimbursement for storm costs from two fiscal years ago.

The Town earned \$254 thousand more interest income than budgeted, as rates rose higher after the Town adopted its budget and as the fiscal year progressed.

These items helped offset some minor revenue budget shortfalls, primarily in departmental charges for services.

The larger General Fund expenditure budget variances were in the following areas:

The Town's pension contributions were approximately \$642 thousand less than budgeted, primarily due to employee retirements exceeding the Town's expectations and the time lag in replacing them.

The same reason caused a total positive \$389 thousand budget variance in Regular Wages for the Comptroller's, Police and Public Works departments.

The closing of the town pool and cancellation of many recreational activities due to the COVID-19 pandemic resulted in \$144 thousand less spent for Regular Wages in the Recreation Department.

A mild winter season resulted in \$328 thousand less spent than budgeted for Public Works Operating costs.

Education expenditures were \$2.6 million less than budgeted primarily due to lower bus transportation and program costs due to COVID-19. Of this amount \$1 million was utilized to balance the 2020/2021 fiscal year budget and included as "Assigned" Fund Balance at June 30, 2020. In addition \$1.6 million was approved as an appropriation-in-force and is reported as part of "Committed" General Fund Balance at June 30, 2020.

There were no significant expenditure budget line items that required additional funding during the year.

The final amended expenditure budget was \$2.8 million higher than the original budget, primarily due to general government and school items approved as Appropriations-In-Force carried forward from prior fiscal years budgets, as reported as part of the General Fund "Committed" Fund Balance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the Town had \$356.2 million invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment, roads, bridges, and electric, water and sewer utility plant and transmission and distribution lines - see Table 4. This amount represents a net increase (including additions, deductions and depreciation) of \$10.2 million or 2.9% more than last year. The Town's administration views this as a moderate increase and sufficient to meet the Town's needs, balanced with the economic times.

TABLE 4
CAPITAL ASSETS AT YEAR-END (Net of Depreciation)
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$ 42,351	\$ 41,862	\$ 746	\$ 746	\$ 43,097	\$ 42,608
Buildings, utility plant and improvements	146,627	152,552	32,510	34,597	179,137	187,149
Vehicles, machinery and equipment	4,127	3,973	10,419	10,392	14,546	14,365
Infrastructure	27,108	26,602	59,615	59,074	86,723	85,676
Construction in progress	18,820	16,242	13,959		32,779	16,242
Total	<u>\$ 239,033</u>	<u>\$ 241,231</u>	<u>\$ 117,249</u>	<u>\$ 104,809</u>	<u>\$ 356,282</u>	<u>\$ 346,040</u>

This year's major capital additions included:

Board of Education - CIP Phase II	\$2.0 million
Town Wide Radio Comm.Sys.-Con.in Progress	\$819 thousand
Sewer Treatment Plant Upgrade	\$13.9 million

The Town's fiscal year 2020/2021 budget calls for spending \$1.8 million for capital projects, principally for road reconstruction. More detailed information about the Town's capital assets is presented in Note 5 to the financial statements.

Long-Term Debt

At June 30, 2020 the Town had \$46.9 million in bonds and serial notes outstanding versus \$43.6 million last year, as shown in Table 5.

TABLE 5
OUTSTANDING DEBT, AT YEAR-END
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds and State of Connecticut serial notes (backed by the Town)	\$ 36.3	\$ 40.6	\$ 10.6	\$ 3.0	\$ 46.9	\$ 43.6

The Town sold no bonds during the fiscal year. However the Town participates in the State Clean Water Fund Program which provides grants and short-term/interim financing for qualifying projects. The Town utilized \$8 million of this interim financing, pending closing of this project with the State upon project completion. See Note 7 to the Financial Statements for more detailed information.

State statutes limit the amount of general obligation debt a governmental entity may issue to up to seven times its annual receipts from taxation. The current debt limitation for the Town of Wallingford is \$816.3 million. The Town’s outstanding general obligation debt is significantly below this limitation.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town’s long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Two major concerns of the Town’s elected and appointed officials when considering the fiscal year 2020/2021 budget were the stagnant State of Connecticut economy and the COVID-19 pandemic. Economic stagnation threatens State grants to the Town, especially in the area of education, if this assistance is part of expenditure reductions by the State. In addition, large scale corporate departures from the State will add to this continuing economic lag and have a negative effect on the local town economy and the taxable Grand List. The economic fallout from COVID-19 is yet to be fully seen, as businesses are being stretched to survive until it is under control and the economy can be reopened fully. The following items indicate the lack of robust economic growth:

- Revenue from construction and real estate sale activity, which began declining sharply beginning in late calendar 2008, has improved, but not to those previous levels.
- Commercial and industrial businesses have continued to curtail capital spending for taxable assets.
- The State of Connecticut’s financial situation has resulted in approximately \$3 million in cuts to the Town’s grants, mostly for education, over the last several years.
- The Town continues to adjust priorities in spending due to the final phase-out and departure of its largest taxpayer, Bristol Myers Squibb (as noted in the accompanying Letter of Transmittal).

- When setting the fiscal year 2020/2021 budgets, tax rate and fees charged for business-type activities, the Town's elected and appointed officials considered the aforementioned economic factors as well as the public's need for services. The Town administration instructed departmental heads to keep 2020/2021 expenditure budget requests at or below their 2019/2020 levels, in order to not increase the financial burden on citizens and businesses during this time of economic uncertainty.

The Town adopted a General Fund budget that contains conservative revenue forecasts as follows:

- Utilized an estimated tax collection rate of 98%, in recognition of the unemployment rate of homeowners who may fall delinquent on taxes.
- Utilized conservative estimates in projecting department revenue generated by building and real estate sale activities, as these tend to be very dependent on a strong economy.
- The Town will continue to work with its State assembly delegation and municipal cooperative organizations to minimize reductions in State aid and make necessary budget decisions if State grants are reduced.

The Town adopted expenditure budgets attempting to maintain essential services with no new programs or initiatives. Some of the major highlights of these efforts are:

- Reduction of wages in the Recreation budget to reflect the closing of the town pool and cancellation of some organized recreational programs.
- Funding the Library and most social service organizations at the same level of 2019/2020.
- No amounts were budgeted for several unfilled positions in the General Government, including Public Works and the Comptroller's office. These positions were vacated by retired employees and will probably remain unfilled until the economy recovers.
- Most part time positions in the General Government, which were eliminated over the last several years, remain unfilled and excluded from the budget.
- Several major capital items were reduced from General Fund budgets for consideration of funding from the distribution from the C.R.R.A. trash to energy project, which is recorded as a Special Revenue Fund.

The taxable Grand List of October 1, 2019, which is in effect for fiscal 2020/21 increased 1.01% from the previous year, primarily due to growth in the Personal Property portion of the Grand List for assets added by several new businesses and larger scale additions to two commercial buildings by existing taxpayers.

Although this is a moderate increase in taxable property, expenditure requests had to be pared to present a modest tax increase to the Town Council. The Town administration also utilized \$7.4 million of Fund Balance, \$1.4 million more than last year, to achieve this. The Town Council made additional expenditure reductions during the budget process to achieve a zero percent mill rate increase, leaving the tax rate at 29.19 mills.

The total adopted General Fund expenditure budget for fiscal year 2020/2021 increased \$3.7 million, or 2.2% higher than the fiscal year 2019/2020. The General Government budget increased \$1.4 million, or 2.2% mostly due to the addition of 16 paramedics in the Fire Department budget, increases in employee benefits for pension and health insurance and an increase in Contingency to accommodate retroactive pay increases due to negotiations for three labor unions not settled at year ending June 2020, which will be most likely be paid in fiscal 2020/2021. The Board of Education budget increased \$2.3 million, or 2.2%, mostly due to increases in wages and health insurance estimates.

As for the Town's business-type activities, the Electric Division operating expense budget reflects a decrease of \$5.3 million, or 7.8%, mostly due to lower anticipated purchase power costs. Base electric rates remain the same as 2019/2020 and Wallingford Electric Division rates remain the lowest in Connecticut and among the lowest in New England. The Water Division operating expense budget increased by \$158 thousand mostly due to increases in employee benefits for pension and health insurance, however no rate changes were necessary due to use of reserves. Although the 2020/2021 Sewer Division operating expense budget decreased by \$192 thousand, or 2.28%, due primarily to lower nitrogen discharge costs, a rate increase of 3.5% (average) was necessary due to declining sewer consumption.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Comptroller, 45 South Main Street, Wallingford, Connecticut 06492.

Basic Financial Statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2020
(In Thousands)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 43,825	\$ 15,951	\$ 59,776
Investments		40,585	40,585
Receivables, net	8,614	12,270	20,884
Due from pension trust	1,440		1,440
Inventory	76	2,057	2,133
Other assets	189	799	988
Capital assets:			
Assets not being depreciated	51,236	14,705	65,941
Assets being depreciated, net	187,797	102,544	290,341
Total assets	<u>293,177</u>	<u>188,911</u>	<u>482,088</u>
Deferred Outflows of Resources:			
Deferred charge on refunding	574		574
Deferred outflows related to OPEB	7,275	358	7,633
Deferred outflows related to pension	12,801	3,753	16,554
Total deferred outflows of resources	<u>20,650</u>	<u>4,111</u>	<u>24,761</u>
Liabilities:			
Accounts payable and accrued expenses	7,446	10,050	17,496
Customer deposits		3,879	3,879
Unearned revenue	2,615		2,615
Other liabilities	1,544		1,544
Noncurrent liabilities:			
Due within one year	10,108	1,151	11,259
Due in more than one year	152,141	30,761	182,902
Total liabilities	<u>173,854</u>	<u>45,841</u>	<u>219,695</u>
Deferred Inflows of Resources:			
Advanced property tax collections	201		201
Deferred inflows related to OPEB	1,025	32	1,057
Deferred inflows related to pension	1,315	307	1,622
Total deferred inflows of resources	<u>2,541</u>	<u>339</u>	<u>2,880</u>
Net Position:			
Net investment in capital assets	201,373	106,612	307,985
Restricted for conservation programs		1,049	1,049
Restricted for trust purposes:			
Expendable	147		147
Nonexpendable	1,394		1,394
Unrestricted	<u>(65,482)</u>	<u>39,181</u>	<u>(26,301)</u>
Total Net Position	<u>\$ 137,432</u>	<u>\$ 146,842</u>	<u>\$ 284,274</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 25,872	\$ 1,888	\$ 106	\$	\$ (23,878)	\$	\$ (23,878)
Public safety	21,964	2,794	565	55	(18,550)		(18,550)
Public works	11,218	10		1,173	(10,035)		(10,035)
Health and social services	2,609	14	486		(2,109)		(2,109)
Parks and recreation	2,526	879			(1,647)		(1,647)
Education	133,655	2,096	45,910	519	(85,130)		(85,130)
Interest on long-term debt	1,282				(1,282)		(1,282)
Total governmental activities	<u>199,126</u>	<u>7,681</u>	<u>47,067</u>	<u>1,747</u>	<u>(142,631)</u>	<u>-</u>	<u>(142,631)</u>
Business-type activities:							
Electric	65,691	69,882				4,191	4,191
Water	6,864	7,235		190		561	561
Sewer	7,554	6,681		6,848		5,975	5,975
Total business-type activities	<u>80,109</u>	<u>83,798</u>	<u>-</u>	<u>7,038</u>	<u>-</u>	<u>10,727</u>	<u>10,727</u>
Total	<u>\$ 279,235</u>	<u>\$ 91,479</u>	<u>\$ 47,067</u>	<u>\$ 8,785</u>	<u>(142,631)</u>	<u>10,727</u>	<u>(131,904)</u>
General revenues:							
Property taxes					125,331		125,331
Grants and contributions not restricted to specific programs					7,343		7,343
Unrestricted investment earnings					949	765	1,714
Miscellaneous					2,097	1,615	3,712
Transfers					1,808	(1,808)	-
Total general revenues and transfers					<u>137,528</u>	<u>572</u>	<u>138,100</u>
Change in net position					(5,103)	11,299	6,196
Net Position, Beginning of Year					<u>142,535</u>	<u>135,543</u>	<u>278,078</u>
Net Position, End of Year					<u>\$ 137,432</u>	<u>\$ 146,842</u>	<u>\$ 284,274</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 39,802	\$	\$ 4,023	\$ 43,825
Receivables, net	7,246		1,377	8,623
Due from other funds	10,129	6,103	6,716	22,948
Inventory			76	76
Prepaid items	182		8	190
Total Assets	<u>\$ 57,359</u>	<u>\$ 6,103</u>	<u>\$ 12,200</u>	<u>\$ 75,662</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 5,109	\$ 907	\$ 906	\$ 6,922
Due to other funds	18,045		10,129	28,174
Unearned revenue	1,286		1,329	2,615
Other liabilities			1,544	1,544
Total liabilities	<u>24,440</u>	<u>907</u>	<u>13,908</u>	<u>39,255</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	4,144			4,144
Advanced property tax collections	201			201
Total deferred inflows of resources	<u>4,345</u>	<u>-</u>	<u>-</u>	<u>4,345</u>
Fund balances:				
Nonspendable	182		1,478	1,660
Restricted			1,159	1,159
Committed	3,721	5,196	4,735	13,652
Assigned	8,397			8,397
Unassigned	16,274		(9,080)	7,194
Total fund balances	<u>28,574</u>	<u>5,196</u>	<u>(1,708)</u>	<u>32,062</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 57,359</u>	<u>\$ 6,103</u>	<u>\$ 12,200</u>	<u>\$ 75,662</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020
(In Thousands)

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

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

Fund balances - total governmental funds	\$	32,062
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	426,026	
Less accumulated depreciation		<u>(186,993)</u>	
Net capital assets			239,033

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

Property tax receivables greater than 60 days	4,271
Interest receivable on property taxes	(127)
Deferred charges on refunding	574
Deferred outflows related to pension	12,801
Deferred outflows related to OPEB	7,275

Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.

2,829

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(36,305)
Interest payable on bonds and notes	(525)
Compensated absences	(14,054)
Retired employee obligations	(258)
Heart and Hypertension	(3,233)
Premium on refunding bond issuance	(1,929)
Net pension liability	(60,582)
Deferred inflows related to pension	(1,315)
Deferred inflows related to OPEB	(1,025)
Total OPEB liability	<u>(42,060)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>137,432</u></u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 125,303	\$	\$	\$ 125,303
Licenses and permits	822			822
Intergovernmental revenues	46,763	615	7,552	54,930
Charges for services	5,292		2,658	7,950
Investment income	929		19	948
Other	1,744		487	2,231
Total revenues	<u>180,853</u>	<u>615</u>	<u>10,716</u>	<u>192,184</u>
Expenditures:				
Current:				
General government	27,767		40	27,807
Public safety	18,529		30	18,559
Public works	6,014		1,077	7,091
Health and social services	2,020		601	2,621
Parks and recreation	748		851	1,599
Education	117,270		8,338	125,608
Capital outlay		4,047	4,800	8,847
Debt service	5,624			5,624
Total expenditures	<u>177,972</u>	<u>4,047</u>	<u>15,737</u>	<u>197,756</u>
Excess (deficiency) of revenues over expenditures	<u>2,881</u>	<u>(3,432)</u>	<u>(5,021)</u>	<u>(5,572)</u>
Other financing sources (uses):				
Transfers in	1,821	1,808	461	4,090
Transfers out	(2,269)		(13)	(2,282)
Total other financing sources (uses)	<u>(448)</u>	<u>1,808</u>	<u>448</u>	<u>1,808</u>
Net change in fund balances	2,433	(1,624)	(4,573)	(3,764)
Fund balance, beginning of year	<u>26,141</u>	<u>6,820</u>	<u>2,865</u>	<u>35,826</u>
Fund Balance, End of Year	<u>\$ 28,574</u>	<u>\$ 5,196</u>	<u>\$ (1,708)</u>	<u>\$ 32,062</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,764)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	6,691
Depreciation expense	(8,889)

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

Property tax receivable - accrual basis change	86
Property tax interest and lien revenue - accrual basis change	(58)
Change in deferred outflows related to pension	4,001
Change in deferred outflows related to OPEB	5,760

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

Bond principal payments	4,285
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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 the governmental funds.

Compensated absences	(428)
Retired employee obligations	(151)
Heart and Hypertension	(794)
Accrued interest	(115)
Amortization of bond premium	281
Amortization of deferred charge on refunding	(106)
Total OPEB liability	(7,378)
Change in net pension liability	(7,350)
Change in deferred inflows related to pension	(426)
Change in deferred inflows related to OPEB	(201)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

<u>3,453</u>

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (5,103)</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020
(In Thousands)

	Business-Type Activities				Governmental
	Electric Fund	Water Fund	Sewer Fund	Total	Activities Internal Service
Assets:					
Current assets:					
Cash and cash equivalents	\$ 11,019	\$ 323	\$ 325	\$ 11,667	\$
Restricted cash	3,879	405		4,284	
Receivables, net	7,757	2,204	2,309	12,270	1,431
Investments	15,330	12,970	12,285	40,585	
Inventories	1,668	389		2,057	
Due from other funds				-	5,226
Other assets	792		7	799	
Total current assets	40,445	16,291	14,926	71,662	6,657
Noncurrent assets:					
Capital assets, net	40,707	36,692	39,850	117,249	
Total assets	81,152	52,983	54,776	188,911	6,657
Deferred outflows of resources related to OPEB	258	70	30	358	
Deferred outflows of resources related to pension	2,098	952	703	3,753	
Total deferred outflows of resources	2,356	1,022	733	4,111	-
Liabilities:					
Current liabilities:					
Accounts payable and accrued expenses	7,342	1,222	1,486	10,050	
Bond and notes payable		225	100	325	
Risk management claims				-	2,471
Compensated absences	347	252	227	826	
Total	7,689	1,699	1,813	11,201	2,471
Current liabilities payable from restricted assets:					
Customer deposits payable	3,879			3,879	
Total current liabilities	11,568	1,699	1,813	15,080	2,471
Noncurrent liabilities:					
Bond and notes payable		1,890	8,422	10,312	
Compensated absences	557	308	277	1,142	
Total OPEB liability	1,029	538	308	1,875	
Net pension liability	10,323	3,980	3,129	17,432	
Risk management claims				-	1,357
Total noncurrent liabilities	11,909	6,716	12,136	30,761	1,357
Total liabilities	23,477	8,415	13,949	45,841	3,828
Deferred inflows of resources related to OPEB	16	11	5	32	
Deferred inflows of resources related to pension	174	77	56	307	
Total deferred inflows of resources	190	88	61	339	-
Net Position:					
Net investment in capital assets	40,707	34,577	31,328	106,612	
Restricted for conservation programs	1,049			1,049	
Unrestricted	18,085	10,925	10,171	39,181	2,829
Total Net Position	\$ 59,841	\$ 45,502	\$ 41,499	\$ 146,842	\$ 2,829

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Business-Type Activities				Governmental
	Electric Fund	Water Fund	Sewer Fund	Total	Activities Internal Service
Operating revenues:					
Operations	\$ 68,402	\$ 7,067	\$ 6,387	\$ 81,856	\$
Fund premiums					28,245
Other	1,480	168	294	1,942	
Total operating revenues	<u>69,882</u>	<u>7,235</u>	<u>6,681</u>	<u>83,798</u>	<u>28,245</u>
Operating expenses:					
Operations	59,954	4,917	5,458	70,329	
Depreciation	3,587	1,875	2,036	7,498	
Gross earnings and property taxes	2,043			2,043	
Employee benefits				-	21,069
Other				-	3,723
Total operating expenses	<u>65,584</u>	<u>6,792</u>	<u>7,494</u>	<u>79,870</u>	<u>24,792</u>
Operating income (loss)	<u>4,298</u>	<u>443</u>	<u>(813)</u>	<u>3,928</u>	<u>3,453</u>
Nonoperating income (loss):					
Lease income	1,532	83		1,615	
Loss on disposal of capital assets	(23)			(23)	
Interest and amortization expense		(72)	(60)	(132)	
Interest on customer deposits	(84)			(84)	
Investment and interest income	273	262	230	765	
Total nonoperating income	<u>1,698</u>	<u>273</u>	<u>170</u>	<u>2,141</u>	<u>-</u>
Net income (loss) before contributions and transfers	5,996	716	(643)	6,069	3,453
Capital grants and contributions		190	6,848	7,038	
Transfer out	<u>(1,808)</u>			<u>(1,808)</u>	
Change in net position	4,188	906	6,205	11,299	3,453
Total net position, beginning of year	<u>55,653</u>	<u>44,596</u>	<u>35,294</u>	<u>135,543</u>	<u>(624)</u>
Total Net Position, End of Year	<u>\$ 59,841</u>	<u>\$ 45,502</u>	<u>\$ 41,499</u>	<u>\$ 146,842</u>	<u>\$ 2,829</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Business-Type Activities				Governmental
	Electric Fund	Water Fund	Sewer Fund	Total	Internal Service
Cash flows from operating activities:					
Cash received from operations	\$ 68,961	\$ 7,390	\$ 6,456	\$ 82,807	\$ 25,343
Cash payments to vendors and other	(55,344)	(1,139)	(1,055)	(57,538)	(25,343)
Cash payments to employees	(7,056)	(3,568)	(3,378)	(14,002)	
Net cash provided by (used in) operating activities	6,561	2,683	2,023	11,267	-
Cash flows from capital and related financing activities:					
Lease income	1,532	83		1,615	
Capital grants		190	6,848	7,038	
Purchase of capital assets	(3,863)	(1,266)	(14,832)	(19,961)	
Principal payment on bonds and notes		(225)	(101)	(326)	
Proceeds from notes payable			8,013	8,013	
Interest paid on bonds and notes		(72)	(60)	(132)	
Net cash provided by (used in) capital and related financing activities	(2,331)	(1,290)	(132)	(3,753)	-
Cash flows from noncapital financing activities:					
Customer deposits	(84)			(84)	
Transfers (to) from other funds and agencies	(1,808)			(1,808)	
Net cash provided by (used in) provided by noncapital and related financing activities	(1,892)	-	-	(1,892)	-
Cash flows from investing activities:					
Purchases of investments	(425)	(1,470)	(1,990)	(3,885)	
Income on investments and interest	273	262	230	765	
Net cash provided by (used in) investing activities	(152)	(1,208)	(1,760)	(3,120)	-
Net increase (decrease) in cash and cash equivalents	2,186	185	131	2,502	-
Cash and cash equivalents, beginning of year	12,712	543	194	13,449	-
Cash and Cash Equivalents, End of Year	\$ 14,898	\$ 728	\$ 325	\$ 15,951	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 4,298	\$ 443	\$ (813)	\$ 3,928	\$ 3,453
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	3,587	1,875	2,036	7,498	
(Increase) decrease in receivables and unbilled revenue	(921)	155	(225)	(991)	63
(Increase) decrease in due from other funds	1			1	(2,965)
(Increase) decrease in inventory	(98)	3		(95)	
(Increase) decrease in deferred charges and other assets	(230)			(230)	
Increase (decrease) in accounts payable and accrued expenses	(711)	32	820	141	(551)
Increase (decrease) in total OPEB liability	282	63	44	389	
Increase (decrease) in net pension liability	1,230	499	411	2,140	
(Increase) decrease in deferred outflows of resources - pension	(677)	(346)	(238)	(1,261)	
Increase (decrease) in deferred inflows of resources - pension	35	17	13	65	
(Increase) decrease in deferred outflows of resources - OPEB	(233)	(57)	(24)	(314)	
Increase (decrease) in deferred inflows of resources - OPEB	(2)	(1)	(1)	(4)	
Total adjustments	2,263	2,240	2,836	7,339	(3,453)
Net Cash Provided by (Used in) Operating Activities	\$ 6,561	\$ 2,683	\$ 2,023	\$ 11,267	\$ -

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020
(In Thousands)

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,292	\$ 1,040
Investments:		
Mutual funds	216,111	
Certificates of deposit		<u>71</u>
Total assets	<u>217,403</u>	<u>\$ 1,111</u>
Liabilities:		
Accounts and other payables	1,476	\$
Due to student groups and agencies		<u>1,111</u>
Total liabilities	<u>1,476</u>	<u>\$ 1,111</u>
Net Position:		
Restricted for Pensions	<u>\$ 215,927</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Pension Trust Fund
Additions:	
Contributions:	
Employer	\$ 9,628
Plan members	3,046
Total contributions	<u>12,674</u>
Investment income (loss):	
Net change in fair value of investments	1,136
Interest and dividends	4,822
Other income	1
Investment fee expense	(27)
Net investment income (loss)	<u>5,932</u>
Total additions	<u>18,606</u>
Deductions:	
Benefits	16,630
Refunds of contributions	86
Administration	113
Total deductions	<u>16,829</u>
Change in net position	1,777
Net position restricted for pensions, beginning of year	<u>214,150</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 215,927</u>

The accompanying notes are an integral part of the financial statements

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town was incorporated in May 1670 under the provisions of the State of Connecticut General Assembly. It operates under a Mayor-Council form of government and provides services as authorized by its charter including public safety (police and fire), sanitation, health, recreation, social services, libraries, education, planning and zoning and general administrative services.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. The effect of interfund activity has been removed from these statements where appropriate. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements (except for Agency Funds, which have no measurement focus). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(amounts expressed in thousands)

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 revenues to be available if they are collected within 60 days 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 and claims and judgments, are recorded only when payment is due.

Property taxes, charges for services, licenses 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.

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 Town, except those required to be accounted for in another fund.

The *Capital and Nonrecurring Fund* accounts for the resources accumulated and expenditures made for the construction of capital facilities and other capital improvements and equipment purchases.

The Town reports the following major proprietary funds:

The *Electric Fund* accounts for the activities of the Town's electric distribution operations.

The *Water Fund* accounts for the activities of the water plant, the collection system, the storage facilities and the pumping system.

The *Sewer Fund* accounts for the activities of the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the Town reports the following fund types:

The *Internal Service Fund* accounts for the health benefits and risk management activities of the Town.

The *Pension Trust Fund* accounts for the activities of the Consolidated Pension Fund and the Volunteer Firefighters Pension Fund, which accumulates resources for pension benefit payments to qualified participants.

The *Agency Fund* accounts for monies held on behalf of students and amounts held for performance-based activities.

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

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

(amounts expressed in thousands)

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 property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes on all property are assessed as of October 1 prior to the beginning of the fiscal year and become legally due and payable on the following July 1 and January 1. If taxes are unpaid as of June 30 following the payable date, a lien is placed on the real property. Property assessments are made at 70% of the market value. Property taxes receivable are recorded on the due date. Taxes not paid within 30 days of the due date are subject to an interest charge of 1-1/2% per month. The Town is not a part of any overlapping government that assesses separate property taxes. An amount of \$849 has been established as an allowance for uncollected taxes. At June 30, 2020, this represents 18.0% of property taxes receivable.

F. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

(amounts expressed in thousands)

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of 5 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value rather than estimated fair market 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 assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Public domain infrastructure	50
System infrastructure	30
Vehicles	5
Office equipment	5
Computer equipment	5

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension and OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active employees and inactive employees).

TOWN OF WALLINGFORD, CONNECTICUT
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(amounts expressed in thousands)

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

I. Compensated Absences

Employees are granted sick and vacation leave in varying amounts. Upon retirement, termination or death, eligible employees are compensated for unused sick and vacation leave (subject to certain limitations) at specified payment rates established by contract, regulation or policy. Accumulated vacation and sick time are recognized as a liability of the Town in the statement of net position.

J. Net Pension Liability

The net pension liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service (total pension liability), net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the pension plan for purposes of preparing its statement of fiduciary net position. The net pension liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

K. Total Other Postemployment Benefits Other than Pensions (OPEB) Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

L. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

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.

M. Fund Equity

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

Net Investments in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Town Council). A fund balance commitment is established, modified and/or rescinded by ordinance.

Assigned Fund Balance

This balance represents amounts constrained for the intent to be used for a specific purpose by the Town Council or the Comptroller, as they have been delegated authority to assign amounts by the Town Charter.

Unassigned Fund Balance

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

**TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

The Town does not have a minimum fund balance policy. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned then unassigned.

N. Accounting Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Departmental managers submit their budgets to the finance department 120 days prior to year end for the fiscal year commencing the following July 1. Thirty days later, the Mayor and Comptroller present the proposed operating budget to the Town Council. The operating budget includes proposed expenditures and the means of financing them. The Town Council holds a public hearing to obtain taxpayer comments, and the budget is legally adopted through passage of an ordinance prior to June 1. The enterprise funds are also under the same budgetary control.

Supplemental budget appropriations must be adopted by the Town Council. During the fiscal year ended June 30, 2020, there were General Fund supplemental budget appropriations totaling \$322. This amount was offset by increased adopted revenue sources totaling \$322.

In the General Fund, capital purchase appropriations in force of \$2,496 were carried forward from prior years.

The annual budget is approved at the line-item level. The Town issues a separately prepared budget report by line item to comply with this legal requirement. Upon approval of the Town Council, transfers from one budgetary line to another, or from contingency accounts, may be made within a department. Transfers between departments can be made upon request of the Mayor and by passage of a resolution by the Council during the last three months of the fiscal year. Appropriations lapse at year end except appropriations of the capital projects funds, which continue until completion of the applicable project.

The General Fund is the only governmental fund with a legally adopted annual budget.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported in either restricted, committed or assigned fund balance depending on level of restriction and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

B. Deficit Fund Equity

Nonmajor Funds:		
Capital Project Funds:		
School Renovations	\$	2,222 **
Vernon E. Cleaves Vo-Ag Center		1,610 **
School Roof Projects		463 **
BOE Capital Projects		3,181 **
Northford Road Park		21 **
Community Pool Park		414 **
Town-Wide Radio System		1,161 **
Workers' Compensation Fund		1,413 *

* Deficit will be funded through receipt of additional program revenues or through transfers from the General Fund.

** Deficit will be funded through permanent financing or through transfers from the General Fund.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

Deposits

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town’s deposit will not be returned. The Town’s formal deposit policy includes sections regarding qualified institutions, independent ratings, insurance and collateralization of uninsured funds to mitigate custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$59,724 of the Town’s bank balance of \$101,760 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 53,504
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name	<u>6,220</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 59,724</u>

Cash Equivalents

At June 30, 2020, the Town’s cash equivalents amounted to \$3,391 which represent certificates of deposit with maturities of 90 days or less, and are included in the bank balance above.

Investments

As of June 30, 2020, the Town had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
		<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:				
Certificate of deposit	\$ 40,656	\$ <u>40,585</u>	\$ <u>71</u>	\$ <u>-</u>
Other investments:				
Mutual funds	<u>216,111</u>			
Total Investments	<u>\$ 256,767</u>			

Balance in certificates of deposit as of June 30, 2020 are unrated.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2020:

	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
Mutual funds	\$ 216,111	\$ <u>216,111</u>	\$ <u>-</u>	\$ <u>-</u>
Investments not recorded at fair value:				
Certificate of deposit *	<u>40,656</u>			
Total Investments	\$ <u>256,767</u>			

* Subject to coverage by Federal Depository Insurance and collateralization as described under "Deposits" above.

Interest Rate Risk

The Town's formal investment policy limits short-term investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Short-term investment maturities are allowed to range from seven days to one year. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town's investment policy further limits its investment choices. Derivatives, leveraged investments, repurchase agreements and reverse repurchase agreements are not used because of the unacceptable exposure to risk from these investment products. The Town does not have any further restrictions other than the State statute governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

Concentration of Credit Risk

The Town's investment policy does not restrict investments in any one issuer that is in excess of 5% of the Town's total investments. The investment policy does limit pooled investments in the management of pension funds; however, no additional restrictions on individual investments are established in the policy.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's formal investment policy includes sections regarding safekeeping and custody of investments to mitigate custodial credit risk. At June 30, 2020, the Town did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Town's name.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

4. RECEIVABLES

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Electric</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:						
Taxes	\$ 4,716	\$	\$	\$	\$	\$ 4,716
Accrued interest	820					820
Intergovernmental					1,377	1,377
Service fees and interest		5,803	474	429		6,706
Unbilled service fees		1,990	1,655	1,443		5,088
Pension trust fund	1,440					1,440
Accounts and other	<u>2,795</u>	<u>329</u>	<u>75</u>	<u>437</u>	<u>1,431</u>	<u>5,067</u>
Gross receivables	<u>9,771</u>	<u>8,122</u>	<u>2,204</u>	<u>2,309</u>	<u>2,808</u>	<u>25,214</u>
Less allowance for uncollectibles:						
Taxes	(849)					(849)
Interest on taxes	(98)					(98)
Service fees		(365)				(365)
Accounts and other	<u>(1,578)</u>					<u>(1,578)</u>
Total allowance	<u>(2,525)</u>	<u>(365)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,890)</u>
Net Total Receivables	<u>\$ 7,246</u>	<u>\$ 7,757</u>	<u>\$ 2,204</u>	<u>\$ 2,309</u>	<u>\$ 2,808</u>	<u>\$ 22,324</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 32,315	\$ 101	\$	\$	\$ 32,416
Construction in progress	16,242	(2,498)	5,076		18,820
Total capital assets not being depreciated	<u>48,557</u>	<u>(2,397)</u>	<u>5,076</u>	<u>-</u>	<u>51,236</u>
Capital assets being depreciated:					
Land improvements	15,107	1,198			16,305
Buildings and improvements	261,343				261,343
Vehicles, machinery and equipment	21,443		1,615		23,058
Infrastructure	72,885	1,199			74,084
Total capital assets being depreciated	<u>370,778</u>	<u>2,397</u>	<u>1,615</u>	<u>-</u>	<u>374,790</u>
Less accumulated depreciation for:					
Land improvements	(5,560)		(810)		(6,370)
Buildings and improvements	(108,791)		(5,925)		(114,716)
Vehicles, machinery and equipment	(17,470)		(1,461)		(18,931)
Infrastructure	(46,283)		(693)		(46,976)
Total accumulated depreciation	<u>(178,104)</u>	<u>-</u>	<u>(8,889)</u>	<u>-</u>	<u>(186,993)</u>
Total capital assets being depreciated, net	<u>192,674</u>	<u>2,397</u>	<u>(7,274)</u>	<u>-</u>	<u>187,797</u>
Governmental Activities Capital Assets, Net	<u>\$ 241,231</u>	<u>\$ -</u>	<u>\$ (2,198)</u>	<u>\$ -</u>	<u>\$ 239,033</u>
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 746	\$	\$	\$	\$ 746
Construction in progress			13,959		13,959
Total capital assets not being depreciated	<u>746</u>	<u>-</u>	<u>13,959</u>	<u>-</u>	<u>14,705</u>
Capital assets being depreciated:					
Utility plant	109,149	(76)	768		109,841
Infrastructure	148,557		4,045	(66)	152,536
Machinery and equipment	39,367	76	1,179		40,622
Total capital assets being depreciated	<u>297,073</u>	<u>-</u>	<u>5,992</u>	<u>(66)</u>	<u>302,999</u>
Less accumulated depreciation for:					
Utility plant	(74,552)	(2)	(2,777)		(77,331)
Infrastructure	(89,483)		(3,491)	53	(92,921)
Machinery and equipment	(28,975)	2	(1,230)		(30,203)
Total accumulated depreciation	<u>(193,010)</u>	<u>-</u>	<u>(7,498)</u>	<u>53</u>	<u>(200,455)</u>
Total capital assets being depreciated, net	<u>104,063</u>	<u>-</u>	<u>(1,506)</u>	<u>(13)</u>	<u>102,544</u>
Business-Type Activities Capital Assets, Net	<u>\$ 104,809</u>	<u>\$ -</u>	<u>\$ 12,453</u>	<u>\$ (13)</u>	<u>\$ 117,249</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

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

Governmental activities:	
General government	\$ 158
Public safety	876
Public works	1,341
Parks and recreation	882
Education	<u>5,632</u>
Total Depreciation Expense - Governmental Activities	\$ <u>8,889</u>
Business-type activities:	
Electric	\$ 3,587
Water	1,875
Sewer	<u>2,036</u>
Total Depreciation Expense - Business-Type Activities	\$ <u>7,498</u>

Construction Commitments

The Town has active construction projects as of June 30, 2020. At year end, the projects unexpended authorization available to fund commitments with contractors is as follows:

<u>Description</u>	<u>Cumulative Authorization</u>	<u>Current Expenditures</u>	<u>Cumulative Expenditures</u>	<u>Balance June 30, 2020</u>
School Renovations	\$ 72,367	\$	\$ 72,294	\$ 73
Vernon E. Cleaves Vo-Ag	27,808		27,695	113
School Roofs	16,165		15,354	811
Town-Wide Radio System	6,205	819	6,172	33
Sewer Phosphorous Removal & Improvements	<u>60,000</u>	<u>13,959</u>	<u>13,959</u>	<u>46,041</u>
Total	\$ <u>182,545</u>	\$ <u>14,778</u>	\$ <u>135,474</u>	\$ <u>47,071</u>

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2020 is presented below.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 10,129
Capital and Nonrecurring	General	6,103
Nonmajor Governmental	General	6,716
Internal Service Fund	General	<u>5,226</u>
Total		<u>\$ 28,174</u>

A summary of interfund transfers is presented below:

	<u>Transfers In</u>			
	<u>General</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 1,808	\$ 461	\$ 2,269
Nonmajor Governmental	13			13
Electric Fund	<u>1,808</u>			<u>1,808</u>
Total Transfers In	<u>\$ 1,821</u>	<u>\$ 1,808</u>	<u>\$ 461</u>	<u>\$ 4,090</u>

General Fund transfers are made in accordance with budget appropriations. The General Fund transfers to other funds are primarily for the purpose of establishing local funding for capital projects to reduce bonding. The transfer from the Electric Fund to the General Fund represents a payment in lieu of taxes. The General Fund uses the payment in lieu of taxes to fund budgeted transfers to the Capital and Nonrecurring Fund.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
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(amounts expressed in thousands)

7. LONG-TERM DEBT

Governmental Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:	\$ 40,590	\$	\$ 4,285	\$ 36,305	\$ 4,280
Plus premiums	2,210		281	1,929	282
Total bonds payable	<u>42,800</u>	<u>-</u>	<u>4,566</u>	<u>38,234</u>	<u>4,562</u>
Accrued compensated absences	13,626	2,808	2,380	14,054	2,584
Retired employee obligations	107	552	401	258	176
Heart and Hypertension	2,439	794		3,233	315
Net pension liability	53,232	7,350		60,582	
Total OPEB liability	34,682	7,378		42,060	
Risk management	4,379		551	3,828	2,471
Total Governmental Activities Long-Term Liabilities	<u>\$ 151,265</u>	<u>\$ 18,882</u>	<u>\$ 7,898</u>	<u>\$ 162,249</u>	<u>\$ 10,108</u>

All long-term liabilities are generally liquidated by the General Fund.

A schedule of government activities bonds outstanding at June 30, 2020 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2020</u>
General purpose:				
Library and Land Acquisition (2007 & 2008 Refunding)	08/27/15	2.00-5.00%	\$ 6,424	\$ 3,238
Tyler Mill Property Purchase	10/01/15	2.00-4.00%	305	60
North Farms Fire Station Building	03/13/19	2.00-4.00%	4,285	4,085
Town-Wide Radio Communication System	03/13/19	2.00-4.00%	5,000	4,790
33 North Cherry Street Purchase	03/13/19	2.00-4.00%	365	295
Total general purpose				<u>12,468</u>
School:				
Schools	05/15/11	1.75-3.75%	1,440	145
Schools (2003 & 2005 Refunding)	03/15/12	2.00-4.00%	15,190	6,400
Schools (2007 & 2008 Refunding)	08/27/15	2.00-5.00%	4,606	2,542
Schools	10/01/15	2.00-4.00%	10,320	8,100
Schools	03/13/19	2.00-4.00%	7,000	6,650
Total schools				<u>23,837</u>
Total				<u>\$ 36,305</u>

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Annual maturities of bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 4,280	\$ 1,215	\$ 5,495
2022	4,065	1,053	5,118
2023	3,855	881	4,736
2024	3,290	723	4,013
2025	2,795	595	3,390
2026-2030	7,745	2,080	9,825
2031-2035	6,475	1,137	7,612
2036-2040	<u>3,800</u>	<u>269</u>	<u>4,069</u>
Total	<u>\$ 36,305</u>	<u>\$ 7,953</u>	<u>\$ 44,258</u>

Landfill Closure

The Town and four other municipalities entered into a Municipal Solid Waste Delivery and Disposal Contract with Covanta Corporation, which went into effect July 1, 2010, to operate a mass-burn solid waste, resource recovery, steam and electric generation facility located in Wallingford. For the twenty years prior to this, the Connecticut Resource Recovery Authority (CRRA), a public instrumentality of the State of Connecticut, had leased and operated this facility and the related landfill and established a reserve fund for, and is responsible for, closure and post-closure costs. The Town has no current costs for closure and post-closure care of the landfill.

Business-Type Activities

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable	\$ 2,340	\$	\$ 225	\$ 2,115	\$ 225
State of Connecticut - serial notes	<u>610</u>	<u>8,013</u>	<u>100</u>	<u>8,523</u>	<u>100</u>
Total bonds and serial notes payable	2,950	8,013	325	10,638	325
Net pension liability	15,292	2,140		17,432	
Total OPEB liability	1,486	389		1,875	
Accrued compensated absences	<u>2,017</u>	<u>764</u>	<u>813</u>	<u>1,968</u>	<u>826</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 21,745</u>	<u>\$ 11,306</u>	<u>\$ 1,138</u>	<u>\$ 31,913</u>	<u>\$ 1,151</u>

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A schedule of business-type activities bonds and serial notes outstanding at June 30, 2020 is presented below:

<u>Description</u>	<u>Date of Issue</u>	<u>Interest Rate (%)</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding June 30, 2020</u>
Water Division:				
McKenzie Reservoir	05/15/2011	1.75-3.75%	2,820	\$ 1,715
Pistapaug Water Tank	10/15/2015	2.00-4.00%	680	400
Total water obligations				<u>2,115</u>
Sewer Division:				
State of Connecticut Serial Note 479-C	8/11/2005	2.00%	1,997	510
Interim Financing Obligation 721	9/19/2019	2.00%	N/A	8,013
Total sewer obligations				<u>8,523</u>
Total				<u>\$ 10,638</u>

Annual maturities of bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 225	\$ 68	\$ 293
2022	225	61	286
2023	220	55	275
2024	220	48	268
2025	220	41	261
2026-2030	845	117	962
2031-2033	<u>160</u>	<u>6</u>	<u>166</u>
Total	<u>\$ 2,115</u>	<u>\$ 396</u>	<u>\$ 2,511</u>

Annual maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 100	\$ 9	\$ 109
2022	100	7	107
2023	100	5	105
2024	100	3	103
2025	100	1	101
2026-2030	<u>10</u>	<u>1</u>	<u>11</u>
Total	<u>\$ 510</u>	<u>\$ 26</u>	<u>\$ 536</u>

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Interim financing obligations mature and convert to permanent loan obligations as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,013	\$ 49

Bonds Authorized/Unissued

Bonds authorized/unissued for which bonds or notes are outstanding are as follows:

<u>Description</u>	<u>Authorized</u>	<u>Bonds/Notes Issued</u>	<u>Grants Received</u>	<u>Self-Funded</u>	<u>Authorized Unissued</u>
Northford Road Bridge	\$ 1,000	\$	\$	61	\$ 939
Toelles Road Construction & Bridge	1,000				1,000
School CIP Phase II	11,175	7,000			4,175
20/21 CNR	1,842				1,842
Town-Wide Radio Communications System	6,205	5,000			1,205
Community Pool	625				625
School CIP Phase III	490				490
Sewer Phosphorous Removal & Improvements	<u>60,000</u>	<u>8,013</u>	<u>6,848</u>		<u>45,139</u>
Total	<u>\$ 82,337</u>	<u>\$ 20,013</u>	<u>\$ 6,848</u>	<u>\$ 61</u>	<u>\$ 55,415</u>

Debt Limitations

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

<u>Category</u>	<u>Debt Limit</u>	<u>Net Indebtedness</u>	<u>Balance</u>
General Purpose	\$ 273,908	\$ 18,079	\$ 255,829
Schools	547,817	17,784	530,033
Sewers	456,514		456,514
Urban renewal	395,645		395,645
Pension deficit	365,211		365,211

The total of the Town's net statutory indebtedness of \$35,863 does not exceed the legal debt limitation of \$852 million (seven times the base for debt limitation computation).

The net indebtedness excludes water bonds of \$2,115 and sewer notes of \$8,523, which are considered to be self-funding.

An estimated 49% or \$35,460 of a Town-wide school system renovation authorization totaling \$72,367 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$29,867, leaving a balance of \$5,593 in anticipated grant payments pending state approval of the projects.

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In addition, an estimated 95% or \$26,418 of the Vo-Ag Building Project authorization totaling \$27,208 will be received from the State in the form of proportional progress payments for eligible construction costs during certain received to date total \$24,730 leaving a balance of \$1,688 in anticipated grant payments pending state approval of the project.

In addition, an estimated 50% or \$8,082 of the Eleven School Roof Project authorization totaling \$16,165 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$4,645 leaving a balance of \$3,437 in anticipated grant payments pending state approval of the project.

FUND EQUITY

A. Fund Balance

The components of fund balance for the governmental funds at June 30, 2020 are as follows:

	<u>General Fund</u>	<u>Capital and Nonrecurring</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable:				
Inventory	\$	\$	\$ 76	\$ 76
Prepays	182		8	190
Permanent fund principal			1,394	1,394
Restricted for:				
General government			83	83
Public works			11	11
Health and social services			73	73
Education			992	992
Committed to:				
General government			265	265
Public works			2,182	2,182
Health and social services			37	37
Parks and recreation			117	117
Education			326	326
Capital projects	3,721	5,196	1,808	10,725
Assigned to:				
General government - use of fund balance	7,400			7,400
General government encumbrances -				
Personnel operating expenditures	169			169
Public safety encumbrances -				
Fire capital expenditures	26			26
Police operating expenditures	6			6
Public works encumbrances -				
Public works operating expenditures	113			113
Public works capital expenditures	19			19
Education encumbrances -				
Education equipment expenditures	130			130
Education other expenditures	534			534
Unassigned	16,274		(9,080)	7,194
Total Fund Balances	<u>\$ 28,574</u>	<u>\$ 5,196</u>	<u>\$ (1,708)</u>	<u>\$ 32,062</u>

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There were no individually significant encumbrances as of June 30, 2020.

B. Electric Fund - Restricted Net Position

Through December 31, 2013, the Connecticut Municipal Electric Energy Cooperative (CMEEC) administered a Municipal Energy Conservation and Load Management Fund (ECLMF) on behalf of the Town of Wallingford. The ECLMF was established to comply with provisions of House Bill 7501, Public Act No. 05-1 requiring municipal electric utilities to contribute to the fund and CMEEC to administer the fund. Effective January 1, 2014, with the expiration of the “full requirements” contract mentioned below, CMEEC transferred custody of the balance of that portion of the ECLMF held for Wallingford contributions to the Town of Wallingford. The Town’s contribution rate for fiscal year 2016 is 2.5 mills per kilowatt hour sold. The contributions formerly sent by the Town to CMEEC are now deposited directly into a fund held by the Town. Disbursements from the ECLMF are required to be made pursuant to a comprehensive electric conservation and load management plan. In addition to the ECLMF, the Town receives revenues from periodic Regional Greenhouse Gas Initiative (RGGI) auctions. The Town also received custody from CMEEC of Renewable Resource Investment Funds (RRIF), for revenues received from Independent System Operators-New England (ISO-NE) through the forward capacity market (FCM) for ECLMF measures installed in Wallingford’s service territory which CMEEC used to fulfill its obligations in the FCM. Beginning in January 2019, Wallingford, through its agent, CPower, began receiving additional credits from Independent System Operators-New England (ISO-NE) through the forward capacity market (FCM) for ECLMF measures installed in Wallingford’s service territory.

Investment income earned on the Town’s deposits along with the Fund’s authorized expenses during the year are recorded in the Electric Fund’s statement of activities. The funds held now by the Town are recorded as assets on the Electric Fund’s statement of net position, and, accordingly, the Electric Fund’s net position has been restricted. The balance of these unexpended funds held by the Town was \$1,049 at June 30, 2020.

9. ELECTRIC DIVISION - POWER SUPPLY AGREEMENT AND SPECIAL FUNDS

Through December 31, 2013, the Town purchased its wholesale power requirements under an “all requirements” Power Sales Agreement (PSA) with the Connecticut Municipal Electric Energy Cooperative (CMEEC). Under the PSA the Town was required to purchase from CMEEC and CMEEC was required to sell to the Town, essentially all electric capacity and energy that Wallingford required for sale at retail. On February 23, 2012, in recognition of the fact that the Town was contemplating not renewing the PSA, the Town and CMEEC entered into a Memorandum of Agreement (MOA), which was amended on April 2, 2013. Under the MOA, CMEEC continued to purchase forward energy on behalf of the Town through July 31, 2013.

On July 1, 2006, the Town entered into the Contract for the Sale of Pierce Project Electric Power and Energy (Pierce Project Contract) with CMEEC. The Pierce Project Contract enables the Town to receive its entitlement allocation of all electric products of the Pierce Project and obligates the Town to pay its entitlement allocation of all fixed and variable costs associated with the Project, in the event the PSA is not extended.

As of June 1, 2009, the Town entered into the Contract for the Sale of 50 in 5 Peaking Electric Power and Energy and Crediting of Avoided Costs Benefits (50 in 5 Project Contract) with CMEEC. The 50 in 5 Project Contract enables the Town to receive its entitlement allocation of all electric products and crediting of avoided cost benefits of the 50 in 5 Project and obligates the Town to pay its entitlement allocation of all fixed and variable costs associated with the Project, in the event the PSA is not extended.

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Since the Town did not extend the term of the PSA beyond December 31, 2013, the provisions for each of the project contracts went into effect as of January 1, 2014. The Town did not exercise its option to extend the 50 in 5 Project contract beyond the period ended December 2018, and, therefore, is no longer a participant.

On May 15, 2013 the Town entered into the Energy Portfolio Management and Power Supply Consulting Service Agreement (the Agreement) with Energy New England (ENE). The initial term of the Agreement is through December 31, 2018 and it provided for a single, three-year extension which has been exercised.

Under the terms of the Agreement, the Wallingford Electric Division (WED) operates as an ISO-NE Market Participant (which it became on October 1, 2013) and enters into contracts directly with counterparties for the purpose of hedging the risks associated with its wholesale power supply. ENE acts as the WED's agent in all matters related to the WED's power supply acquisition activities and it assists the WED in fulfilling its obligations in the ISO-NE market. As the WED's agent, ENE managed the forward energy that CMEEC procured on the WED's behalf under the MOA.

As of this writing, the WED has entered into seven Master Power Purchase and Sale Agreements with counterparties.

The WED's power procurement activities are governed by its Energy Risk Management Policy and its Hedging Policy, which were adopted by the Wallingford Board of Public Utilities Commissioners on August 8, 2013 and October 1, 2013, respectively. The Energy Risk Management Policy was amended on September 8, 2018. The Hedging Policy was amended on May 1, 2018.

The foregoing discussion of the Energy Portfolio Agreement, CMEEC contracts, Memorandum of Agreement, Master Power Purchase Agreements and Project Contracts is intended to be a summary of such contracts and funds and is qualified in its entirety by reference to the contracts themselves, which may be obtained from the Town.

10. LEASES

Lease Agreement as Lessor

Under the terms of a lease dated March 8, 2000, as amended January 28, 2016, the Town's Electric Division received \$1,360 for the year ended June 30, 2020 for the lease of land onto which a gas-fired electric power generating station facility was constructed. The effective date of the 25-year lease period began on May 31, 2000. The \$1,324 annual lease payment is recorded as lease income in the Electric Division as nonoperating revenue.

On July 1, 2006, the Town and CMEEC entered into a lease agreement providing for CMEEC's lease of land, buildings and other structures at the Town's former Alfred L. Pierce electric generating station. \$300 of rent was generated annually for a five-year period following commercial operation. Beginning with the sixth year of the initial term of the lease, rent was increased 1.5% annually. The initial term of the lease will end on December 31, 2027. An extension provision for an additional five-year period is provided for in the agreement. The Town allocates 50% of the rental income to the Town's Electric Division and 50% to the Town's General Fund.

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11. RISK MANAGEMENT

The Town procures insurance policies with commercial insurance companies to protect itself against various risk exposures such as general liability, property damage and professional liability. The Town's Legal Counsel defends the Town in any lawsuits that arise from the normal course of operations.

The Town has a workers' compensation fund and is self-insured for claims up to a maximum of \$500,000. The Town purchases commercial insurance for claims in excess of self-insured coverage. There is an individual claim maximum of \$500,000. Settled claims have not exceeded coverage in any of the past three years. The Town's third-party administrator estimates claims payable for incurred claims as of June 30, 2020 at \$2,484 for workers' compensation and heart and hypertension claims.

The Town administers the medical self-insurance program through the Health Benefits fund. The Town has an Anthem Blue Cross/Blue Shield medical plan for which payments are based upon actual claims (versus premium payments). In this case, Anthem Blue Cross/Blue Shield acts as a claims processor and a transfer of risk does not occur.

All funds of the Town participate in the program and make payments to the Health Benefits Fund to pay claims, claim reserves and administrative costs of the program. During the fiscal year ended June 30, 2020, \$20.1 million in health care benefits and administrative costs were paid. Incurred but not reported health claims of \$1,344 have been accrued as a liability based upon information supplied by the Town's Health Care Administrator. Actuarial estimated liability for claims incurred but not reported is not available.

The changes in the claims liability were as follows:

	<u>Beginning of Fiscal Year Liability</u>		<u>Current Year Claims and Changes in Estimates</u>		<u>Claim Payments</u>		<u>Balance at Fiscal Year End</u>
<u>Workers' Compensation Fund</u>							
2018-2019	\$ 1,973	\$	2,476	\$	2,078	\$	2,371
2019-2020	2,371		1,625		1,512		2,484
<u>Health Benefits Fund</u>							
2018-2019	\$ 1,781	\$	23,414	\$	23,187	\$	2,008
2019-2020	2,008		19,444		20,108		1,344

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12. TAX ABATEMENTS

As of June 30, 2020, the Town provides tax abatements via Tax Assessment (Stabilization) Agreements. The Town enters into Tax Assessment Agreements (Stabilization Agreements) which provide real property tax abatements for real property improvements pursuant to Connecticut General Statutes Section 12-65. The agreements are entered into by the Town and are approved by the Town Council. The abatements are obtained pursuant to a contract between the Town and the owner of the property. The agreements fix the assessment value prior to improvement and defer the increase in the assessed value attributable to the construction/renovation over a period of 7 to 15 years. Continuation of the agreement is conditioned upon continued compliance with the provisions of the agreement and is terminated upon sale or transfer of the property for any other purpose unless the Town has consented thereto. There are no provisions to recapture abated taxes under this program. No other commitments have been made by the Town to the abatement recipients under this program. For the fiscal year ended June 30, 2020, taxes abated through this program total \$1,983.

13. OTHER POSTEMPLOYMENT BENEFITS

Town OPEB

The Town, in accordance with various collective bargaining agreements, is committed to provide health and other benefits to eligible retirees and their spouses through a single-employer postemployment benefit plan. Benefits are established and amended through negotiations between the Town and the various unions representing Town employees. The Town provides postemployment healthcare benefits, in accordance with current contracts, to Board of Education certified teachers and administrators who retire from the Town in accordance with criteria listed in Note 14. For those employees who terminate without retirement, healthcare benefits continue for 30 days after termination.

Retiree health insurance is provided as a combination of HMO and indemnity coverage, with the retiree selecting the type of coverage. The Town pays for a major portion or all of the total health insurance cost for retirees depending on the coverage election. The Town pays approximately 50% of the cost of coverage for dependents and surviving spouses eligible to participate in the group plan. The remainder of the premium is paid by the retirees for their dependents or the surviving spouse for themselves.

The Town also provides health care benefits to retired police and fire employees as well as chiefs and assistant chiefs, in accordance with union contracts. When they retire, police and fire employees may have up to 50% of their health care benefits paid for by the Town until they reach age 65.

A. Funding Policy (Not Rounded)

The Town's current strategy is to fund current claims and administrative costs for postemployment benefits through its purchase of premium-based coverage.

Although a trust fund may be established in the future to exclusively control the funding and reporting of postemployment benefits, the Town's current commitment is to fund the other post employment benefits provided to Town retirees on a pay-as-you-go basis.

The Town has not established an OPEB Trust fund, as of June 30, 2020, to irrevocably segregate assets to fund the liability associated with postemployment benefits, which would require the reporting of a trust fund in accordance with GASB guidelines.

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The following is the current census of Town benefit participants as of July 1, 2019:

Inactive employees currently receiving benefit payments	124
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>1,125</u>
Total	<u><u>1,249</u></u>

Postemployment retiree benefit payments for the year ended June 30, 2020, net of retiree and other contributions, amounted to approximately \$1,176,000.

B. Total OPEB Liability

The Town's total OPEB liability of \$43,935 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.60%
Salary increases	3.30%, average, including inflation
Discount rate	2.21%
Healthcare cost trend rates	6.60% in 2019, reducing by 0.5% each year to an ultimate rate of 4.60% per year for 2023 and later.
Retirees' share of benefit-related costs	Various

The discount rate was based on the 20-year AA municipal bond index for unfunded OPEB plans.

Mortality rates were based on RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

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C. Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of July 1, 2019	\$ <u>36,168</u>
Changes for the year:	
Service cost	1,195
Interest on total OPEB liability	1,291
Difference between expected and actual experience	1,346
Changes in assumptions or other inputs	5,111
Benefit payments	<u>(1,176)</u>
Net changes	<u>7,767</u>
Balances as of June 30, 2020	\$ <u><u>43,935</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.51% in 2019 to 2.21% in 2020.

D. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB Liability \$	48,549 \$	43,935 \$	39,895

E. Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	<u>1% Decrease (5.60% Decreasing to 3.60%)</u>	<u>Healthcare Cost Trend Rates (6.60% Decreasing to 4.60%)</u>	<u>1% Increase (7.60% Decreasing to 5.60%)</u>
Total OPEB Liability \$	38,643 \$	43,935 \$	50,248

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F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Town recognized OPEB expense of \$2,946. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,864	\$
Changes of assumptions or other inputs	<u>5,769</u>	<u>(1,057)</u>
Total	<u>\$ 7,633</u>	<u>\$ (1,057)</u>

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

Year Ending June 30

2021	\$	581
2022		581
2023		581
2024		581
2025		581
Thereafter		3,671

Teachers OPEB

A. Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education 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), if they choose to be covered.

Chapter 167a 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.

B. Benefit Provisions (Not Rounded)

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 CTRB Sponsored Medicare Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

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Any member who 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, and any remaining portion is used to offset the district's cost. The subsidy amount is set by statute and has not increased since July 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 who 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 Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

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 Supplement Plans, as long as they do not remarry.

C. Eligibility

Any member who is currently receiving a retirement or disability benefit is eligible to participate in the plan.

Credited Service

One month for each month of service as a teacher in Connecticut public schools, maximum 10 months for each school year. Ten months of credited service constitutes one year of Credited Service. Certain other types of teaching services, State employment, or wartime military service may be purchased prior to retirement if the member pays one-half the cost.

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

Age 55 with 20 years of Credited Service including 15 years of Connecticut service, or 25 years of Credited Service including 20 years of Connecticut service.

Proratable Retirement

Age 60 with 10 years of Credited Service.

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Disability Retirement

No service requirement if incurred in the performance of duty, and 5 years of Credited Service in Connecticut if not incurred in the performance of duty.

Termination of Employment

Ten or more years of Credited Service.

D. Contributions

State of Connecticut

Per Connecticut General Statutes Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The 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.

Employer (School Districts)

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

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$444 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

E. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2020, 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 amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was 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>33,481</u>
Total	\$	<u><u>33,481</u></u>

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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 June 30, 2018. At June 30, 2020, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2020, the Town recognized OPEB expense and revenue of \$(2,450) in Exhibit II.

F. Actuarial Assumptions

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

Inflation	2.50%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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.

The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.41%).

G. Discount Rate

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

TOWN OF WALLINGFORD, CONNECTICUT
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H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

The Town’s proportionate share of the net OPEB liability is \$-0- and, therefore, the change in the health care cost trend rate or the discount rate would only impact the amount recorded by the State of Connecticut.

I. Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. 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 at www.ct.gov.

14. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Wallingford Consolidated Pension Plan

A. Plan Description and Benefits Provided (Not Rounded)

The Town of Wallingford is the administrator of the Town’s Consolidated Pension Plan, a single-employer contributory defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits to all full-time noncertified employees. The Plan is considered to be part of the Town of Wallingford’s financial reporting entity and is included in the Town’s financial reports as a pension trust fund. The Plan does not issue a stand-alone report.

Per the Town Charter, the Personnel Department administers the pension system, receives retirement applications from employees, determines pension eligibility of those employees, calculates pension amounts for those eligible and handles all communication with retirees. The Personnel Department also procures the services of actuaries for pension plan valuation and other consultants as needed for advice regarding the pension plan. Also, per the Town Charter, a Pension Commission determines and invests the pension assets. The Commission consists of six members: the Town Comptroller, Town Treasurer (currently vacant), Personnel Director and three resident electors of the Town who have experience and training in investments and finance, who are appointed by the Mayor with the approval of the Town Council. The Town Treasurer has custody of all pension funds and sees to the investment of pension assets in conformity with actions and policies of the Pension Commission. The Commission may appoint a financial custodian to implement investment decisions and trustees to manage the pension funds.

Membership as of July 1, 2019 of the PERS consisted of the following:

	<u>Number of Employees</u>
Retirees and beneficiaries currently receiving benefits	511
Terminated employees not yet receiving benefits	58
Active plan members	<u>716</u>
Total	<u><u>1,285</u></u>

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Members are required to contribute to the Plan, and the Town is required to contribute amounts necessary to finance the coverage for its employees. Benefits and contributions are established by the Town and may be amended only by the Town Charter and Union negotiation.

The following summarizes the major provisions of the plan. It is not intended to be, nor should it be interpreted as, a complete statement of all plan provisions.

Regular Employees

Normal Retirement

Age and Service Requirement:

Public Works:	30 years of credited service or age 62 with 10 years of credited service.
Management and Supervisors:	30 years of credited service or age 62 with 10 years of credited service.
Electric Division and Water Division:	29 years of credited service or age 60 with 10 years of credited service.

Benefit:

Public Works:	2.15% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.
Management and Supervisors:	2.25% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.
Electric Division and Water Division:	2.35% of final average salary multiplied by years of credited service, subject to a maximum of 75% final average salary, including Social Security if applicable.

Early Retirement

Age requirement:	55
Service requirement:	15 years
Amount:	Normal pension accrued reduced by 0.25% for each month that the participant's retirement date precedes normal retirement

Vesting

100% vested with 5 years of credited service

Employee Contributions

- 5% of weekly salary for Public Works
- 7% of weekly salary for Management and Supervisors
- 7.5% of weekly salary for Water or Electric Divisions

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Hazard Employees

Normal Pension

Police, Firemen and Linemen

Age requirement:	None
Service requirement:	
Police:	22 years of service
Fire:	23 years of service
Lineman:	25 years of service
Benefit:	
Police:	2.35% of final average salary per year of credited service, subject to a maximum of 75%.
Fire:	2.35% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.
	For post-July 1, 2015 hires: 2.25%
Lineman:	For pre-July 1, 2007 hires: 2.35% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.
	For post-July 1, 2007 hires: 2.25% of final average salary per year of credited service, subject to a maximum of 75% final average salary. Minimum of \$1,200 per year.

Vesting

100 % vesting after 5 years of credited service

Employee Contributions

8.5% of weekly salary for Linemen

7.75% of weekly salary for Policemen

9.0% of weekly salary for Firefighters

Interest is credited at 3% per year

Cost-of-Living Adjustment

Police:	2% per year after age 60. Normal retirements only.
Fire:	2% per year after age 60, normal and disability retirements. Terminated vested benefits, after age 62.
Lineman:	2% per year after age 60, if hired on or before January 1, 2001. All normal retirement benefits on or after July 1, 1992, with at least 25 years of service.

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B. Summary of Significant Accounting Policies and System Assets

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Investment income is recognized as earned.

Concentration of Investments

There were no investments in any one organization that represented 5% or more of net position available for benefits, except for investments in United States backed bonds.

Plan Expenses

Expenses of administering the Plan are paid for from contributions to the Plan.

C. Funding Policy

Employees contribute between 5% and 9% of their weekly salary to the Plan. Contributions earn 3% interest returnable upon termination before retirement. The Town is required to contribute the remaining amounts necessary to finance the benefits for its employees as determined by its actuaries; the current rate is 21.67% of annual covered payroll. Benefits and employee contributions are fixed by contract and may be amended subject to union negotiations.

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D. Investments

The Pension Commission utilizes the Plan's Investment Policy Statement (IPS) to determine the allocation of the Plan's invested assets. The goal of the IPS is to reduce risk by utilizing an investment strategy 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 as of June 30, 2020.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
Fixed Income	35.00%	1.95%	0.68%
U.S. Equity	50.00%	5.40%	2.70%
International Equity	<u>15.00%</u>	5.60%	0.84%
Total Portfolio	100.00%		4.22%
Long-Term Inflation Expectation			<u>2.60%</u>
Long-Term Expected Nominal Return			6.82%

* Long-Term Returns are provided by FIA-LLC. The returns are geometric means.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2020 were as follows:

Total pension liability	\$ 292,542
Plan fiduciary net position	<u>214,379</u>
Town's Net Pension Liability	<u>\$ 78,163</u>
Plan fiduciary net position as a percentage of the total pension liability	73.28%

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Actuarial Assumptions

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

Inflation	2.60%
Salary increases	Ranges from 3.1% to 11.8%, based on age
Investment rate of return	7.2% including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

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 are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. An expected rate of return of 7.20% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Consolidated Pension Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of July 1, 2019	\$ 281,079	\$ 212,584	\$ 68,495
Changes for the year:			
Service cost	6,456		6,456
Interest on total pension liability	20,393		20,393
Differences between expected and actual experience	(957)		(957)
Changes in assumptions	2,230		2,230
Employer contributions		9,602	(9,602)
Member contributions		3,046	(3,046)
Net investment income		5,912	(5,912)
Benefit payments, including refund to employee contributions	(16,659)	(16,659)	-
Administrative expenses		(106)	106
Net changes	<u>11,463</u>	<u>1,795</u>	<u>9,668</u>
Balances as of June 30, 2020	<u>\$ 292,542</u>	<u>\$ 214,379</u>	<u>\$ 78,163</u>

TOWN OF WALLINGFORD, CONNECTICUT
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	<u>1% Decrease in Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase in Discount Rate (8.20%)</u>
Net Pension Liability as of June 30, 2020	\$ 112,105	\$ 78,163	\$ 49,605

Wallingford Volunteer Firefighters Length of Service Award Plan

A. Plan Description and Benefits Provided (Not Rounded)

The Town of Wallingford is the administrator of the Town's Volunteer Firefighters Length of Service Award Plan, a single-employer defined benefit public employee retirement system (PERS) established and administered by the Town to provide pension benefits to qualified volunteer firefighters. The Plan is considered to be part of the Town of Wallingford's financial reporting entity and is included in the Town's financial reports as a pension trust fund. The Plan does not issue a stand-alone report.

The Plan is administered by the Personnel Department and Pension Commission as previously stated in the Consolidated Pension Plan Note above.

Membership as of July 1, 2019 of the PERS consisted of the following:

	<u>Number of Employees</u>
Volunteers currently receiving benefits	17
Inactive vested volunteers	60
Current active members	<u>51</u>
Total	<u><u>128</u></u>

Benefits are established by the Town and may be amended only by the Town Charter.

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The following is a brief summary of the plan provisions:

Normal Pension

Age requirement:	65
Service requirement:	5 years (1 year after program's initiation)
Amount:	\$10 per month for the first 10 years of service plus \$15 per month for the second 10 years of service; plus \$20 per month for the next 10 years of service (30-year maximum). The monthly pension amount is subject to a \$450 maximum.

Disability

Age requirement:	None
Service requirement:	None
Amount:	Regular pension accrued deferred to age 65 or lump-sum cash benefit equal to the accrued benefit multiplied by 120.

Vesting

Age requirement:	None
Service requirement:	5 years
Amount:	Regular pension accrued deferred to age 65

Service

One year of service will be credited for each year the activity requirement is met. Currently, this requirement is 100 points.

B. Summary of Significant Accounting Policies and System Assets

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the defined benefit pension plan. Plan member contributions are recognized in the period in which they are due. Employer contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

The plan reports investments at fair value. Investment income is recognized as earned.

Concentration of Investments

There were no investments in any one organization that represented 5% or more of net position available for benefits, except for investments in United States-backed bonds.

Plan Expenses

Expenses of administering the Plan are paid for from contributions to the Plan.

TOWN OF WALLINGFORD, CONNECTICUT
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C. Funding Policy

The Town funding policy is to contribute the amount equal to the normal cost, plus a past service payment representing amortization of the unfunded accrued liability.

D. Investments

Funds are invested in the same manner as in the Consolidated Pension Plan Note above.

The following was the Board's adopted asset allocation policy as of June 30, 2020.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>	<u>Weighting</u>
Fixed Income	35.00%	1.95%	0.68%
U.S. Equity	50.00%	5.40%	2.70%
International Equity	<u>15.00%</u>	5.60%	0.84%
Total Portfolio	100.00%		4.22%
Long-Term Inflation Expectation			<u>2.60%</u>
Long-Term Expected Nominal Return			6.82%

* Long-Term Returns are provided by FIA-LLC. The returns are geometric means.

Rate of Return

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

E. Net Pension Liability (Asset) of the Town

The components of the net pension liability (asset) of the Town at June 30, 2020 were as follows:

Total pension liability	\$	1,398
Plan fiduciary net position		<u>1,548</u>
Town's Net Pension Asset	\$	<u><u>(150)</u></u>
Plan fiduciary net position as a percentage of the total pension liability (asset)		110.73%

**TOWN OF WALLINGFORD, CONNECTICUT
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Actuarial Assumptions

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

Inflation	2.60%
Salary increases	N/A - members are volunteers
Investment rate of return	7.2%, including inflation

Mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment for annuitants, projected to the valuation date with Scale AA.

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 are developed. Best estimates of the real rates of return for each major asset class are included along with the pension plan's long-term target asset allocation. Since the term rates shown above are geometric averages, the impact of asset allocation and rebalancing is not reflected in the expected return. An expected rate of return of 7.40% was used.

Discount Rate

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Volunteer Firefighter's Pension Fund		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances as of July 1, 2019	\$ 1,596	\$ 1,566	\$ 30
Changes for the year:			
Service cost	13		13
Interest on total pension liability	117		117
Differences between expected and actual experience	(298)		(298)
Changes in assumptions	27		27
Employer contributions		26	(26)
Net investment income		20	(20)
Benefit payments, including refund to employee contributions	(57)	(57)	-
Administrative expenses		(7)	7
Net changes	(198)	(18)	(180)
Balances as of June 30, 2020	\$ 1,398	\$ 1,548	\$ (150)

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Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

	<u>1% Decrease in Discount Rate (6.20%)</u>	<u>Current Discount Rate (7.20%)</u>	<u>1% Increase in Discount Rate (8.20%)</u>
Net Pension Liability (Asset) as of June 30, 2020	\$ (275)	\$ (150)	\$ (97)

The Town maintains two pension trust funds. The following tables are prepared combining the Consolidated Pension Plan and the Volunteer Firefighters Length of Service Award Plan.

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

For the year ended June 30, 2020, the Town recognized total pension expense of \$14,364. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related pension from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>Consolidated Pension</u>	<u>Volunteer Firefighters</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,314	\$ 9	\$ 2,323
Changes of assumptions	6,543	39	6,582
Net difference between projected and actual earning on pension plan investments	7,565	84	7,649
Total	<u>\$ 16,422</u>	<u>\$ 132</u>	<u>\$ 16,554</u>

	<u>Deferred Inflows of Resources</u>		
	<u>Consolidated Pension</u>	<u>Volunteer Firefighters</u>	<u>Total</u>
Differences between expected and actual experience	\$ 1,334	\$ 288	\$ 1,622
Total	<u>\$ 1,334</u>	<u>\$ 288</u>	<u>\$ 1,622</u>

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

<u>Year Ending June 30,</u>	<u>Consolidated Pension</u>	<u>Volunteer Firefighters</u>	<u>Total</u>
2021	\$ 3,488	\$ (66)	\$ 3,422
2022	4,928	(40)	4,888
2023	4,128	(27)	4,101
2024	2,450	(24)	2,426
2025	94	1	95
Thereafter			-
Total	<u>\$ 15,088</u>	<u>\$ (156)</u>	<u>\$ 14,932</u>

The following schedules present the net position held in trust for pension benefits at June 30, 2020 and the changes in net position for the year then ended:

	<u>Consolidated Pension Fund</u>	<u>Volunteer Firefighters Pension Fund</u>	<u>Interfund Eliminations</u>	<u>Totals</u>
Assets:				
Cash and cash equivalents	\$ 1,292	\$	\$	\$ 1,292
Investments:				
Mutual funds	216,111			216,111
Due from consolidated pension fund		1,562	(1,562)	-
Total Assets	<u>217,403</u>	<u>1,562</u>	<u>(1,562)</u>	<u>217,403</u>
Liabilities:				
Accounts and other payables	23	13		36
Due to other funds	3,002		(1,562)	1,440
Total Liabilities	<u>3,025</u>	<u>13</u>	<u>(1,562)</u>	<u>1,476</u>
Net Position:				
Restricted for pensions	<u>\$ 214,378</u>	<u>\$ 1,549</u>	<u>\$ -</u>	<u>\$ 215,927</u>

TOWN OF WALLINGFORD, CONNECTICUT
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	Combining Statement of Changes in Fiduciary Net Position		
	Consolidated Pension Fund	Volunteer Firefighters Pension Fund	Totals
Additions:			
Contributions:			
Employer	\$ 9,602	\$ 26	\$ 9,628
Plan members	3,046		3,046
Total contributions	<u>12,648</u>	<u>26</u>	<u>12,674</u>
Investment income:			
Net change in fair value of investments	1,132	4	1,136
Interest and dividends	4,806	16	4,822
Other income	1		1
Investment fee expense	<u>(27)</u>		<u>(27)</u>
Total investment income	<u>5,912</u>	<u>20</u>	<u>5,932</u>
Total additions	<u>18,560</u>	<u>46</u>	<u>18,606</u>
Deductions:			
Benefits	16,573	57	16,630
Refunds of contributions	86		86
Administration	106	7	113
Total deductions	<u>16,765</u>	<u>64</u>	<u>16,829</u>
Net change	1,795	(18)	1,777
Net position restricted for pensions, beginning of year	<u>212,584</u>	<u>1,566</u>	<u>214,150</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 214,379</u>	<u>\$ 1,548</u>	<u>\$ 215,927</u>

Connecticut Teachers Retirement System - Pension

A. Plan Description

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

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

B. Benefit Provisions

The plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

Normal Retirement

Retirement benefits for employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary).

Early Retirement

Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% 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.

C. Contributions

Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are approved, amended and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

Employer (School Districts)

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

The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2020, the amount of "on-behalf" contributions made by the State was \$16,250 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

Employees

Effective July 1, 1992, each teacher is required to contribute 6% of salary for the pension benefit.

Effective January 1, 2018, the required contribution increased to 7% of pensionable salary.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(amounts expressed in thousands)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, 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 amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability 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>214,685</u>
Total	\$	<u><u>214,685</u></u>

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. At June 30, 2020, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2020, the Town recognized pension expense and revenue of \$26,367 in Exhibit II.

E. 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:

Inflation	2.50%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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.

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% per annum.

For teachers who were members of the Teachers' Retirement System before July 1, 2007 and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

(amounts expressed in thousands)

For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

Asset Class	Expected Return	Target Allocation	Standard Deviation
Public Equity - US Equity	8.10 %	20.00 %	17.00 %
Public Equity - International Developed Equity	8.50	11.00	19.00
Public Equity - Emerging Markets Equity	10.40	9.00	24.00
Fixed Income - Core Fixed Income	4.60	16.00	7.00
Fixed Income - Inflation Linked Bonds	3.60	5.00	7.00
Fixed Income - High Yield	6.50	6.00	11.00
Fixed Income - Emerging Market Debt	5.20	5.00	11.00
Private Equity	9.80	10.00	23.00
Real Estate	7.00	10.00	15.00
Alternative Investments - Real Assets	8.20	4.00	17.00
Alternative Investments - Hedge Funds	5.40	3.00	7.00
Liquidity Fund	2.90	1.00	1.00
Total		100.00 %	

F. 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 the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF WALLINGFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020
(amounts expressed in thousands)

G. 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.

H. Other Information

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

15. CONTINGENT LIABILITIES

The Town is contingently liable in connection with litigation involving personal injury claims, zoning matters, property tax appeals, other miscellaneous suits and unasserted claims. The Town intends to vigorously defend these actions; however, there can be no assurance that the Town will prevail.

The Town Attorney estimates that the potential claims against the Town not covered by insurance resulting from such litigation would not materially affect the financial position of the Town. When it has been determined that the Town faces an exposure in matters of litigation, the Town's policy is to establish an appropriate reserve.

16. CORONAVIRUS (COVID-19)

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. On March 10, 2020, the Governor of the State of Connecticut declared a public health emergency and a civil preparedness emergency due to COVID-19.

The Town derives a significant portion of its revenues from property taxes. While the Town has not experienced any significant increase in the amount of delinquency from its taxpayers, the situation creates uncertainty about the impact of future revenues that might be generated. In addition, at this time, it is uncertain what the effects of the pandemic will be on the Town's health care costs, changes in interest rates, investment valuation and the future federal or state fiscal relief.

Required Supplementary Information

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General property taxes:				
Current tax levy	\$ 122,587	\$ 122,587	\$ 122,804	\$ 217
Prior year's levy	1,335	1,335	1,761	426
Interest and liens	785	785	738	(47)
Total	<u>124,707</u>	<u>124,707</u>	<u>125,303</u>	<u>596</u>
Licenses and permits:				
Building	750	750	773	23
Public safety	29	29	24	(5)
Public works	7	7	4	(3)
Health	26	26	21	(5)
Total	<u>812</u>	<u>812</u>	<u>822</u>	<u>10</u>
Intergovernmental revenues:				
Education Cost Sharing	20,508	20,508	20,844	336
PILOT Housing/State	4,379	4,379	4,521	142
Municipal revenue sharing	1,948	1,948	2,740	792
State grant - misc			5	5
Disability and Veterans exemptions	46	46	42	(4)
Pequot funds	33	33	33	-
Health			24	24
Vocational agriculture	960	960	1,246	286
CARES Act - COVID-19			39	39
FEMA Reimbursement			420	420
Miscellaneous grants	129	177	154	(23)
Total	<u>28,003</u>	<u>28,051</u>	<u>30,068</u>	<u>2,017</u>
Charges for services:				
Rent	168	168	225	57
Town Clerk	900	900	825	(75)
Public safety	2,663	2,866	2,764	(102)
Public works	51	51	37	(14)
Recreation - swimming	41	41	27	(14)
Veterans	12	12	13	1
Tuition	1,316	1,316	1,401	85
Total	<u>5,151</u>	<u>5,354</u>	<u>5,292</u>	<u>(62)</u>
Use of money:				
Investment income	<u>675</u>	<u>675</u>	<u>929</u>	<u>254</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other revenue:				
Sewer assessment	\$ 1	\$ 1	\$	\$ (1)
In lieu of taxes/telephone	585	585	370	(215)
Compensation and insurance recovery	74	74	53	(21)
Proportionate charges	1,148	1,148	1,148	-
Encumbrance cancellations	100	100	27	(73)
Miscellaneous	40	111	173	62
Total	<u>1,948</u>	<u>2,019</u>	<u>1,771</u>	<u>(248)</u>
Total revenues	<u>161,296</u>	<u>161,618</u>	<u>164,185</u>	<u>2,567</u>
Other financing sources:				
Transfers in:				
Electric Division	1,808	1,808	1,808	-
Other funds	83	83	13	(70)
Total	<u>1,891</u>	<u>1,891</u>	<u>1,821</u>	<u>(70)</u>
Total	<u>\$ 163,187</u>	<u>\$ 163,509</u>	166,006	<u>\$ 2,497</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted:

Pension	16,251
OPEB	444

Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.

(27)

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV.

\$ 182,674

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Town Council:				
Salaries and wages	\$ 51	\$ 51	\$ 50	\$ 1
Operating and maintenance	6	7	6	1
Total	<u>57</u>	<u>58</u>	<u>56</u>	<u>2</u>
Mayor:				
Salaries and wages	236	240	239	1
Operating and maintenance	74	74	50	24
Total	<u>310</u>	<u>314</u>	<u>289</u>	<u>25</u>
Program Planning:				
Salaries and wages	100	100	89	11
Operating and maintenance	23	23	21	2
Total	<u>123</u>	<u>123</u>	<u>110</u>	<u>13</u>
Government Access TV:				
Salaries and wages	130	134	114	20
Operating and maintenance	11	11	5	6
Capital	8	8		8
Total	<u>149</u>	<u>153</u>	<u>119</u>	<u>34</u>
Department of Law:				
Salaries and wages	332	343	340	3
Operating and maintenance	198	204	189	15
Capital	3	3	3	-
Total	<u>533</u>	<u>550</u>	<u>532</u>	<u>18</u>
Board of Assessment Appeals:				
Salaries and wages	8	8	7	1
Operating and maintenance	2	2		2
Total	<u>10</u>	<u>10</u>	<u>7</u>	<u>3</u>
Finance:				
Salaries and wages	1,869	1,875	1,761	114
Operating and maintenance	542	550	528	22
Capital	211	211	185	26
Total	<u>2,622</u>	<u>2,636</u>	<u>2,474</u>	<u>162</u>
Library:				
Operating and maintenance	<u>3,161</u>	<u>3,161</u>	<u>3,161</u>	<u>-</u>
Personal Pension and Risk Management:				
Salaries and wages	546	563	553	10
Operating and maintenance	261	260	240	20
Capital		6	4	2
Total	<u>807</u>	<u>829</u>	<u>797</u>	<u>32</u>

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**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government (continued):				
Pension Fund:				
Operating and maintenance	\$ 8,552	\$ 8,573	\$ 7,898	\$ 675
Employee Insurance and Other Benefits:				
Salaries and wages	319	319	252	67
Operating and maintenance	9,136	9,136	9,083	53
Total	9,455	9,455	9,335	120
Property and Casualty Insurance:				
Operating and maintenance	1,103	1,128	1,126	2
Building Department:				
Salaries and wages	425	441	438	3
Operating and maintenance	35	34	26	8
Capital		1	1	-
Total	460	476	465	11
Register of Voters:				
Salaries and wages	118	120	101	19
Operating and maintenance	31	31	18	13
Total	149	151	119	32
Town Clerk:				
Salaries and wages	236	240	228	12
Operating and maintenance	70	74	46	28
Total	306	314	274	40
Planning and Zoning:				
Salaries and wages	249	262	239	23
Operating and maintenance	36	36	30	6
Total	285	298	269	29
Inland/Wetlands Commission:				
Salaries and wages	90	94	93	1
Operating and maintenance	10	10	8	2
Total	100	104	101	3
Zoning Board of Appeals:				
Salaries and wages	1	1	1	-
Operating and maintenance	8	8	5	3
Total	9	9	6	3
Economic Development Commission:				
Salaries and wages	63	66	60	6
Operating and maintenance	36	33	17	16
Capital		3	2	1
Total	99	102	79	23

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TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government (continued):				
Conservation Commission:				
Salaries and wages	\$ 1	\$ 1	\$ 1	\$ -
Operating and maintenance	8	8	8	-
Total	<u>9</u>	<u>9</u>	<u>9</u>	<u>-</u>
Public Utilities Commission:				
Salaries and wages	275	275	273	2
Operating and maintenance	9	9	8	1
Total	<u>284</u>	<u>284</u>	<u>281</u>	<u>3</u>
Probate Court:				
Operating and maintenance	12	12	10	2
Capital		4	4	-
Total	<u>12</u>	<u>16</u>	<u>14</u>	<u>2</u>
Civil Preparedness:				
Salaries and wages	13	13	13	-
Operating and maintenance	7	7	3	4
Total	<u>20</u>	<u>20</u>	<u>16</u>	<u>4</u>
Contingency Accounts:				
General and accrued expenses	<u>771</u>	<u>214</u>		<u>214</u>
Total general government	<u>29,386</u>	<u>28,987</u>	<u>27,537</u>	<u>1,450</u>
Public Safety:				
Police Department:				
Salaries and wages	9,172	9,415	8,734	681
Operating and maintenance	1,119	1,136	896	240
Capital	347	393	232	161
Total	<u>10,638</u>	<u>10,944</u>	<u>9,862</u>	<u>1,082</u>
Dog Pound:				
Salaries and wages	143	146	141	5
Operating and maintenance	45	45	30	15
Capital	1	1		1
Total	<u>189</u>	<u>192</u>	<u>171</u>	<u>21</u>
Fire Department:				
Salaries and wages	6,934	7,099	7,030	69
Operating and maintenance	1,059	1,140	1,040	100
Capital	299	314	308	6
Total	<u>8,292</u>	<u>8,553</u>	<u>8,378</u>	<u>175</u>
Total public safety	<u>19,119</u>	<u>19,689</u>	<u>18,411</u>	<u>1,278</u>

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**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Public Works:				
Engineering Department:				
Salaries and wages	\$ 382	\$ 382	\$ 306	\$ 76
Operating and maintenance	88	88	56	32
Capital	28	28	8	20
Total	<u>498</u>	<u>498</u>	<u>370</u>	<u>128</u>
Department of Public Works:				
Salaries and wages	3,217	3,235	3,039	196
Operating and maintenance	2,762	2,809	2,481	328
Capital	217	236	191	45
Total	<u>6,196</u>	<u>6,280</u>	<u>5,711</u>	<u>569</u>
Total public works	<u>6,694</u>	<u>6,778</u>	<u>6,081</u>	<u>697</u>
Health and Social Services:				
Health Department:				
Salaries and wages	370	381	376	5
Operating and maintenance	33	33	23	10
Total	<u>403</u>	<u>414</u>	<u>399</u>	<u>15</u>
Social Services:				
Salaries and wages	336	344	337	7
Operating and maintenance	93	93	80	13
Pass-through agency contributions	1,182	1,229	1,177	52
Capital	3	3	3	-
Total	<u>1,614</u>	<u>1,669</u>	<u>1,597</u>	<u>72</u>
Veteran's Service Center:				
Salaries and wages	23	23	22	1
Operating and maintenance	2	2	2	-
Total	<u>25</u>	<u>25</u>	<u>24</u>	<u>1</u>
Total health and social services	<u>2,042</u>	<u>2,108</u>	<u>2,020</u>	<u>88</u>
Parks and Recreation:				
Department of Parks and Recreation:				
Salaries and wages	784	784	639	145
Operating and maintenance	156	157	114	43
Capital	13	13		13
Total parks and recreation	<u>953</u>	<u>954</u>	<u>753</u>	<u>201</u>

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**TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Education	\$ 103,097	\$ 103,097	\$ 100,479	\$ 2,618
Debt Service:				
Principal	4,285	4,285	4,285	-
Interest	1,339	1,339	1,339	-
Administration, registration and other	3	3		3
Total debt service	<u>5,627</u>	<u>5,627</u>	<u>5,624</u>	<u>3</u>
Appropriations in Force Carryforward:				
Capital and nonrecurring items		<u>2,496</u>	<u>589</u>	<u>1,907</u>
Total expenditures	166,918	169,736	161,494	8,242
Other financing uses:				
Transfers out	<u>2,269</u>	<u>2,269</u>	<u>2,269</u>	<u>-</u>
Total	<u>\$ 169,187</u>	<u>\$ 172,005</u>	163,763	<u>\$ 8,242</u>

Budgetary expenditures are different than GAAP expenditures because:

State of Connecticut "on-behalf" contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted:

Pension	16,251
OPEB	444
Encumbrances for purchases and commitments ordered but not received in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes	(997)
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year are reported for financial statement reporting purposes.	644
The Town and Board of Education do not budget for accrued payroll services earned at year end. The accrued wages are charged to the subsequent year's budget. The change in the accrual is recorded as an adjustment to the current year expenditure for GAAP financial statement purposes.	<u>136</u>

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV

\$ 180,241

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS - TOWN*
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:						
Service cost	\$ 6,456	\$ 6,014	\$ 6,069	\$ 5,664	\$ 5,280	\$ 5,102
Interest	20,393	19,524	18,772	17,964	17,178	16,642
Differences between expected and actual experience	(957)	2,850	(1,276)	1,596	1,376	(1,525)
Changes of assumptions	2,230	2,847	5,242	2,618		
Benefit payments, including refunds of member contributions	<u>(16,659)</u>	<u>(15,702)</u>	<u>(14,698)</u>	<u>(13,966)</u>	<u>(13,828)</u>	<u>(12,847)</u>
Net change in total pension liability	11,463	15,533	14,109	13,876	10,006	7,372
Total pension liability - beginning	<u>281,079</u>	<u>265,546</u>	<u>251,437</u>	<u>237,561</u>	<u>227,555</u>	<u>220,183</u>
Total pension liability - ending	<u>292,542</u>	<u>281,079</u>	<u>265,546</u>	<u>251,437</u>	<u>237,561</u>	<u>227,555</u>
Plan fiduciary net position:						
Contributions - employer	9,602	9,367	9,297	8,639	8,411	8,192
Contributions - member	3,046	2,989	2,919	2,797	2,723	2,626
Net investment income	5,912	11,504	14,521	23,070	766	4,904
Benefit payments, including refunds of member contributions	(16,659)	(15,702)	(14,698)	(13,966)	(13,828)	(12,849)
Administrative expense	(106)	(112)	(109)	(97)	(102)	(95)
Other	<u>2</u>	<u>7</u>	<u>80</u>	<u>33</u>	<u>697</u>	
Net change in plan fiduciary net position	1,795	8,048	11,937	20,523	(1,997)	3,475
Plan fiduciary net position - beginning	<u>212,584</u>	<u>204,536</u>	<u>192,599</u>	<u>172,076</u>	<u>174,073</u>	<u>170,598</u>
Plan fiduciary net position - ending	<u>214,379</u>	<u>212,584</u>	<u>204,536</u>	<u>192,599</u>	<u>172,076</u>	<u>174,073</u>
Net Pension Liability - Ending	<u>\$ 78,163</u>	<u>\$ 68,495</u>	<u>\$ 61,010</u>	<u>\$ 58,838</u>	<u>\$ 65,485</u>	<u>\$ 53,482</u>
Plan fiduciary net position as a percentage of the total pension liability	73.28%	75.63%	77.02%	76.60%	72.43%	76.50%
Covered payroll	\$ 43,663	\$ 43,222	\$ 43,097	\$ 42,990	\$ 41,595	\$ 39,273
Net pension liability as a percentage of covered payroll	179.01%	158.47%	141.56%	136.86%	157.43%	136.18%

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

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - TOWN
(In Thousands)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 9,602	\$ 9,367	\$ 9,297	\$ 8,639	\$ 8,411	\$ 8,192	\$ 7,446	\$ 6,652	\$ 6,559	\$ 6,060
Contributions in relation to the actuarially determined contribution	9,602	9,367	9,297	8,639	8,411	8,192	7,446	6,652	6,559	6,060
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 43,663	\$ 43,222	\$ 43,097	\$ 42,990	\$ 41,595	\$ 39,273	\$ 38,849	\$ 37,825	\$ 37,825	\$ 38,058
Contributions as a percentage of covered payroll	21.99%	21.67%	21.57%	20.10%	20.22%	20.86%	19.17%	17.59%	17.34%	15.92%

Notes to Schedule

Valuation date: July 1, 2019
 Measurement date: June 30, 2020
 Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:
 Actuarial cost method Entry age normal
 Amortization method Level percentage of salary
 Remaining amortization period 25 years, open
 Asset valuation method 5-year smoothed
 Inflation 2.60%
 Salary increases Ranges from 3.1% to 11.8%, based on age
 Investment rate of return 7.20%

Retirement age - Hazardous Plan
 Police 22 years of service.
 Fire 23 years of service.
 Lineman 25 years of service.

Retirement age - Non-Hazardous Plan
 Public Works 30 years of credited service or age 62 with 10 years of credited service.
 Management and Supervisors 30 years of credited service or age 62 with 10 years of credited service.
 Electric and Water Division 29 years of credited service or age 60 with 10 years of credited service.

Mortality
 Hazardous Plan: RP-2000 Combined Mortality Table projected to the valuation date with Scale BB (Blue Collar).
 Non-Hazardous Plan: RP-2000 Combined Mortality Table projected to the valuation date with Scale BB (No Collar).

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
LAST SIX FISCAL YEARS - TOWN***

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	2.81%	5.68%	7.60%	13.57%	0.46%	3.30%

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

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS - VOLUNTEER FIRE**
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:						
Service cost	\$ 13	\$ 13	\$ 23	\$ 22	\$ 17	\$ 18
Interest	117	112	115	110	103	101
Differences between expected and actual experience	(298)		(115)		22	(38)
Changes of assumptions	27		26	16		
Benefit payments, including refunds of member contributions	(57)	(53)	(59)	(63)	(50)	(52)
Net change in total pension liability	(198)	72	(10)	85	92	29
Total pension liability - beginning	1,596	1,524	1,534	1,449	1,357	1,328
Total pension liability - ending	1,398	1,596	1,524	1,534	1,449	1,357
Plan fiduciary net position:						
Contributions - employer	26	26	43	43	41	42
Net investment income	20	62	124	178	(10)	127
Benefit payments, including refunds of member contributions	(57)	(53)	(59)	(62)	(50)	(52)
Administrative expense	(7)		(8)			
Net change in plan fiduciary net position	(18)	35	100	159	(19)	117
Plan fiduciary net position - beginning	1,566	1,531	1,431	1,272	1,291	1,174
Plan fiduciary net position - ending	1,548	1,566	1,531	1,431	1,272	1,291
Net Pension Liability (Asset) - Ending	\$ <u>(150)</u>	\$ <u>30</u>	\$ <u>(7)</u>	\$ <u>103</u>	\$ <u>177</u>	\$ <u>66</u>
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.73%	98.12%	100.46%	93.29%	87.78%	95.14%
Covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

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

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS - VOLUNTEER FIRE
(In Thousands)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 26	\$ 26	\$ 43	\$ 43	\$ 41	\$ 42	\$ 31	\$ 31	\$ 36	\$ 36
Contributions in relation to the actuarially determined contribution	26	26	43	43	41	42	31	31	36	36
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Covered payroll is not included in the above schedule as the persons covered are volunteers.

Notes to Schedule

Valuation date: July 1, 2019

Measurement date: June 30, 2020

Actuarially determined contribution rates are calculated as of January 1, one and a half years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of salary
Remaining amortization period 25 years, open
Asset valuation method 5-year smoothed
Inflation 2.60%
Investment rate of return 7.20%

Retirement age The later of age 65 and 5 years of service.

Mortality RP-2000 Mortality Table with separate male and female rates, with Blue Collar adjustment, combined table for non-annuitants and annuitants projected to the valuation date with Scale BB

**TOWN OF WALLINGFORD, CONNECTICUT
 SCHEDULE OF INVESTMENT RETURNS
 LAST SIX FISCAL YEARS - VOLUNTEER FIRE***

	2020	2019	2018	2017	2016	2015
Annual money-weighted rate of return, net of investment expense	1.28%	4.07%	8.64%	13.90%	-0.79%	10.62%

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

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS RETIREMENT PLAN
LAST SIX FISCAL YEARS*
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</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's proportionate share of the net pension liability associated with the Town	<u>214,685</u>	<u>165,534</u>	<u>166,166</u>	<u>175,306</u>	<u>133,407</u>	<u>123,308</u>
Total	<u>\$ 214,685</u>	<u>\$ 165,534</u>	<u>\$ 166,166</u>	<u>\$ 175,306</u>	<u>\$ 133,407</u>	<u>\$ 123,308</u>
Town's covered payroll	\$ 53,946	\$ 52,545	\$ 51,357	\$ 50,654	\$ 49,221	\$ 47,622
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%

Notes to Schedule

Changes in benefit terms	<p>HB 7424 made the following provision changes:</p> <ul style="list-style-type: none"> - Beginning July 1, 2019, annual interest credited on mandatory contributions set at 4.0%. - For members retiring on or after July 1, 2019 with a partial refund option election (Plan N), if 50% of the benefits paid prior to death do not exceed the Member's mandatory contributions plus interest frozen at the date of benefit commencement, the difference is paid to the Member's beneficiary.
Changes of assumptions	<p>HB 7424 made the following assumption changes:</p> <ul style="list-style-type: none"> - Reduce the inflation assumption from 2.75% to 2.50%. - Reduce the real rate of return assumption from 5.25% to 4.40% which, when combined with the inflation assumption change, results in a decrease in the investment rate of return assumption from 8.00% to 6.90%. - Increase the annual rate of wage increase assumption from 0.50% to 0.75%. - Phase in to a level dollar amortization method for the June 30, 2024 valuation.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Remaining amortization period	17.6 years
Asset valuation method	4-year smoothed market
Inflation	2.75%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	8.00%, net of investment-related expense

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

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS*
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:			
Service cost	\$ 1,195	\$ 1,066	\$ 1,077
Interest	1,291	1,327	1,226
Differences between expected and actual experience	1,346	26	429
Changes of assumptions and other inputs	5,111	1,276	(1,022)
Benefit payments	<u>(1,176)</u>	<u>(1,493)</u>	<u>(1,789)</u>
Net change in total OPEB liability	7,767	2,202	(79)
Total OPEB liability - beginning	<u>36,168</u>	<u>33,966</u>	<u>34,045</u>
Total OPEB Liability - Ending	<u>\$ 43,935</u>	<u>\$ 36,168</u>	<u>\$ 33,966</u>
Covered payroll	\$ 89,760	\$ 89,958	\$ 87,084
Total OPEB liability as a percentage of covered payroll	48.95%	40.21%	39.00%

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

TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHERS RETIREMENT PLAN
LAST THREE FISCAL YEARS*
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>33,481</u>	<u>33,091</u>	<u>42,769</u>
Total	<u>\$ 33,481</u>	<u>\$ 33,091</u>	<u>\$ 42,769</u>
Town's covered payroll	\$ 53,946	\$ 52,545	\$ 51,357
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	The Plan was amended by the Board, effective January 1, 2019, during the September 12, 2018 meeting. The Board elected a new prescription drug plan, which is expected to reduce overall costs and allow for the Board to receive a government subsidy for members whose claims reach a catastrophic level. These changes were communicated to retired members during the months leading up to the open enrollment period that preceded the January 1, 2019 implementation date.
Changes of assumptions	Based on the procedure described in GASB 74, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2019 was updated to equal the Municipal Bond Index Rate of 3.50% as of June 30, 2019. 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 July 1, 2019. The expected rate of inflation was decreased, and the real wage growth assumption was increased.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment-related expense including price inflation
Price inflation	2.75%

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

Combining and Individual Fund Statements and Schedules

General Fund

GENERAL FUND

The General Fund, which is the principal fund of the Town, is used to account for all activities of the Town not included in other specific funds. The General Fund accounts for the normal recurring activities of the Town (i.e., police, fire, education, recreation, public works, general government, etc.). These activities are funded principally by property taxes on individuals and businesses, and grants from other governmental units.

TOWN OF WALLINGFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2020 AND 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 39,802	\$ 51,373
Receivables:		
Property taxes receivable, net of an allowance for uncollectibles of \$849 in 2020 and \$821 in 2019	3,867	3,739
Property taxes accrued interest receivable, net of an allowance for uncollectibles of \$98 in 2019 and \$103 in 2019	722	752
Accounts receivable, net	2,657	1,288
Due from other funds	10,129	5,994
Prepaid items	<u>182</u>	<u>189</u>
Total Assets	<u>\$ 57,359</u>	<u>\$ 63,335</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts and other payables	\$ 5,109	\$ 4,726
Due to other funds	18,045	17,198
Unearned revenues	<u>1,286</u>	<u>1,245</u>
Total liabilities	<u>24,440</u>	<u>23,169</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	4,144	4,117
Advanced property tax collections	<u>201</u>	<u>9,908</u>
Total deferred inflows of resources	<u>4,345</u>	<u>14,025</u>
Fund balance:		
Nonspendable	182	189
Committed	3,721	2,496
Assigned	8,397	6,671
Unassigned	<u>16,274</u>	<u>16,785</u>
Total fund balance	<u>28,574</u>	<u>26,141</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 57,359</u>	<u>\$ 63,335</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2020
 (In Thousands)**

Grand List	Uncollected Taxes July 01, 2019	Lawful Corrections		Transfers to Suspende	Adjusted Taxes Collectible	Taxes	Interest	Lien Fees	Total	Uncollected Taxes June 30, 2020
		Additions	Deductions							
2018	\$ *	\$ 125,050	\$ 310	\$ 13	\$ 124,727	\$ 122,804	\$ 299	\$ 17	\$ 123,120	\$ 1,923
2017	1,782	80	78	8	1,776	965	195	9	1,169	811
2016	738	64	6	1	795	295	88	2	385	500
2015	501	7	3	129	376	121	46	2	169	255
2014	295	1	2		294	76	26	2	104	218
2013	228	1	1	1	227	38	5	5	48	189
2012	213				213	35	2	1	38	178
2011	189				189	32	2		34	157
2010	145				145	26	1		27	119
2009	147				147	18	2		20	129
2008	100				100	19	1		20	81
2007	77				77	15	1		16	62
2006	67				67	12	1		13	55
2005	47				47	8	1		9	39
2004	31		** 28		3	3	1		4	-
Total	\$ 4,560	\$ 125,203	\$ 428	\$ 152	\$ 129,183	124,467	671	38	125,176	\$ 4,716
						Suspense collections	27	29	56	
						Total Tax Collections	\$ 124,494	\$ 700	\$ 38	125,232
						Property taxes receivable considered available:				
						June 30, 2019			(374)	
						June 30, 2020			445	
						Total			\$ 125,303	

* Includes motor vehicle supplement tax levy of \$1,610
 ** Operation of law

Nonmajor Governmental Funds

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are designated or legally restricted to expenditures for specific purposes. The nature and purpose of each special revenue fund is as follows:

Fund	Funding Source	Function
Educational Grants and Programs	State and federal grants, program income	Specific education programs
School Cafeteria	State and federal grants, program income	Operations of the school lunch program
Town Aid Road	State grant	General Town road maintenance
LOCIP Grants	State grant	General Town capital improvement
Wallingford 350	State and Federal Grants/Contributions	350 year Jubilee
Open Space Resource Management	Fees	Land preservation
Child Day Care Grant	State grants	Child day care services
Youth Services Donations	Contributions	Improvement of youth's welfare
Young Astronauts Club	Contributions	Explore the concepts of astronomy
Council on Substance Abuse Grant	Intergovernmental revenue and contributions	Substance abuse awareness and prevention
Narcotics Forfeiture	State and federal grants	Drug enforcement, training and education
Covanta	Program income	Services performed by the Town as liaison between Covanta, the Town and other communities.
Connecticut Resource Recovery Authority Distribution	Contributions	Agreement between Town and CRRA for refunding of prepaid fees
Historic Document Preservation Grant	State grant and fees	Preserve historical documents
Recreation Department Programs	Program income	Recreational programs
EMP Grant	Federal Grant	Emergency Management
Summer Youth Employment	Federal Grant	Summer Youth Employment
Miscellaneous Grants and Donations	State and Federal Grants/Contributions	Administer Miscellaneous Programs
Education Trust	Contributions and investment income	Award scholarships
Dog Pound Trust	Contributions and investment income	Improvements to the Dog Pound and general welfare of impounded animals
Irving H. Prageman	Contributions and investment income	General upkeep of Prageman Park
Charles R. Clulee	Contributions and investment income	Preservation of monuments and historical sites

Capital Projects Funds

Capital Projects Funds are established in the Town of Wallingford pursuant to local resolutions authorizing specific capital projects. Funding sources are generally comprised of Town appropriated transfers from the General Fund, the receipt of intergovernmental grants and proceeds from the sale of bonds. Expenditures relate to the expansion, improvement or replacement of the Town's capital assets.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020
(In Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 514	\$ 2,115	\$ 1,394	\$ 4,023
Receivables:				
Intergovernmental	466	910		1,376
Other	1			1
Due from other funds	5,459	1,257		6,716
Inventory	76			76
Prepaid items	8			8
	<u>8</u>	<u> </u>	<u> </u>	<u>8</u>
Total Assets	\$ <u>6,524</u>	\$ <u>4,282</u>	\$ <u>1,394</u>	\$ <u>12,200</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 769	\$ 137	\$	\$ 906
Due to other funds	264	9,865		10,129
Unearned revenue	1,329			1,329
Other liabilities		1,544		1,544
Total liabilities	<u>2,362</u>	<u>11,546</u>	<u>-</u>	<u>13,908</u>
Fund balances:				
Nonspendable	84		1,394	1,478
Restricted	1,159			1,159
Committed	2,927	1,808		4,735
Unassigned	(8)	(9,072)		(9,080)
Total fund balances	<u>4,162</u>	<u>(7,264)</u>	<u>1,394</u>	<u>(1,708)</u>
Total Liabilities and Fund Balances	\$ <u>6,524</u>	\$ <u>4,282</u>	\$ <u>1,394</u>	\$ <u>12,200</u>

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Special Revenue Funds</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Revenues:					
Intergovernmental	\$ 7,531	\$ 21	\$	\$	\$ 7,552
Charges for services	2,658				2,658
Investment income		8	11		19
Other revenue	468		19		487
Total revenues	<u>10,657</u>	<u>29</u>	<u>30</u>	<u>-</u>	<u>10,716</u>
Expenditures:					
Current:					
General government	40				40
Public safety	30				30
Public works	1,077				1,077
Health and social services	601				601
Parks and recreation	851				851
Education	8,338				8,338
Capital outlay	1,404	3,396			4,800
Total expenditures	<u>12,341</u>	<u>3,396</u>	<u>-</u>	<u>-</u>	<u>15,737</u>
Excess (deficiency) of revenues over expenditures	<u>(1,684)</u>	<u>(3,367)</u>	<u>30</u>	<u>-</u>	<u>(5,021)</u>
Other financing sources (uses):					
Transfers in	597			(136)	461
Transfers out	(13)	(127)	(9)	136	(13)
Total other financing sources (uses)	<u>584</u>	<u>(127)</u>	<u>(9)</u>	<u>-</u>	<u>448</u>
Net change in fund balances	(1,100)	(3,494)	21	-	(4,573)
Fund balance, beginning of year	<u>5,262</u>	<u>(3,770)</u>	<u>1,373</u>	<u>-</u>	<u>2,865</u>
Fund Balance, End of Year	<u>\$ 4,162</u>	<u>\$ (7,264)</u>	<u>\$ 1,394</u>	<u>\$ -</u>	<u>\$ (1,708)</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2020
 (In Thousands)**

	<u>Educational Grants and Programs</u>	<u>School Cafeteria</u>	<u>Town Aid Road</u>	<u>LOCIP Grants</u>	<u>Wallingford 350</u>	<u>Open Space Resource Management</u>
ASSETS						
Cash and cash equivalents	\$	\$ 304	\$	\$	\$	\$
Receivables:						
Intergovernmental	107	82		277		
Other						
Due from other funds	1,565		1,039		162	11
Inventory		76				
Prepaid items						
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,672</u>	<u>\$ 462</u>	<u>\$ 1,039</u>	<u>\$ 277</u>	<u>\$ 162</u>	<u>\$ 11</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 549	\$ 2	\$ 121	\$ 14	\$	\$
Due to other funds				263		
Unearned revenue	131	90	907			
Total liabilities	<u>680</u>	<u>92</u>	<u>1,028</u>	<u>277</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable		76				
Restricted	992		11			
Committed		294			162	11
Unassigned						
Total fund balances	<u>992</u>	<u>370</u>	<u>11</u>	<u>-</u>	<u>162</u>	<u>11</u>
Total Liabilities and Fund Balances	<u>\$ 1,672</u>	<u>\$ 462</u>	<u>\$ 1,039</u>	<u>\$ 277</u>	<u>\$ 162</u>	<u>\$ 11</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2020
 (In Thousands)**

	<u>Child Day Care Grant</u>	<u>Youth Services Donations</u>	<u>Young Astronauts Club</u>	<u>Council on Substance Abuse Grant</u>	<u>Narcotics Forfeitures</u>	<u>Covanta</u>
ASSETS						
Cash and cash equivalents	\$	\$	\$	\$	\$ 63	\$
Receivables:						
Intergovernmental						
Other						
Due from other funds		37	24	10		8
Inventory						
Prepaid items						
Total Assets	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 24</u>	<u>\$ 10</u>	<u>\$ 63</u>	<u>\$ 8</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$	\$	\$ 1	\$	\$	\$
Due to other funds						
Unearned revenue						
Total liabilities	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable						
Restricted				10	63	
Committed		37	23			8
Unassigned						
Total fund balances	<u>-</u>	<u>37</u>	<u>23</u>	<u>10</u>	<u>63</u>	<u>8</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 24</u>	<u>\$ 10</u>	<u>\$ 63</u>	<u>\$ 8</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2020
 (In Thousands)**

	<u>CRRA Distribution</u>	<u>Historic Document Preservation Grant</u>	<u>Recreation Department Programs</u>	<u>EMP Grant</u>	<u>Summer Youth Employment</u>
ASSETS					
Cash and cash equivalents	\$	\$	\$	\$	\$
Receivables:					
Intergovernmental					
Other					1
Due from other funds	2,174	83	258	15	
Inventory			8		
Prepaid items					
Total Assets	<u>\$ 2,174</u>	<u>\$ 83</u>	<u>\$ 266</u>	<u>\$ 15</u>	<u>\$ 1</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$	\$	80	\$	\$
Due to other funds					1
Unearned revenue			186	15	
Total liabilities	<u>-</u>	<u>-</u>	<u>266</u>	<u>15</u>	<u>1</u>
Fund Balances:					
Nonspendable			8		
Restricted		83			
Committed	2,174				
Unassigned			(8)		
Total fund balances	<u>2,174</u>	<u>83</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,174</u>	<u>\$ 83</u>	<u>\$ 266</u>	<u>\$ 15</u>	<u>\$ 1</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS (CONTINUED)
 JUNE 30, 2020
 (In Thousands)**

	<u>Miscellaneous Grants and Donations</u>	<u>Education Trust</u>	<u>Dog Pound Trust</u>	<u>Irving H. Prageman</u>	<u>Charles R. Clulee</u>	<u>Total</u>
ASSETS						
Cash and cash equivalents	\$	\$ 32	\$ 21	\$ 92	\$ 2	\$ 514
Receivables:						
Intergovernmental						466
Other						1
Due from other funds	73					5,459
Inventory						76
Prepaid items						8
Total Assets	<u>\$ 73</u>	<u>\$ 32</u>	<u>\$ 21</u>	<u>\$ 92</u>	<u>\$ 2</u>	<u>\$ 6,524</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 2	\$	\$	\$	\$	\$ 769
Due to other funds						264
Unearned revenue						1,329
Total liabilities	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
Fund Balances:						
Nonspendable						84
Restricted						1,159
Committed	71	32	21	92	2	2,927
Unassigned						(8)
Total fund balances	<u>71</u>	<u>32</u>	<u>21</u>	<u>92</u>	<u>2</u>	<u>4,162</u>
Total Liabilities and Fund Balances	<u>\$ 73</u>	<u>\$ 32</u>	<u>\$ 21</u>	<u>\$ 92</u>	<u>\$ 2</u>	<u>\$ 6,524</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020
 (In Thousands)**

	<u>Educational Grants and Programs</u>	<u>School Cafeteria</u>	<u>Town Aid Road</u>	<u>LOCIP Grants</u>	<u>Wallingford 350</u>	<u>Open Space Resource Management</u>
Revenues:						
Intergovernmental	\$ 5,183	\$ 753	\$ 405	\$ 595	\$	\$
Charges for services	1,085	694				10
Other revenue	178				20	
Total revenues	<u>6,446</u>	<u>1,447</u>	<u>405</u>	<u>595</u>	<u>20</u>	<u>10</u>
Expenditures:						
Current:						
General government					27	
Public safety						
Public works			405	595		
Health and social services						
Parks and recreation						
Education	6,579	1,750				
Capital outlay						
Total expenditures	<u>6,579</u>	<u>1,750</u>	<u>405</u>	<u>595</u>	<u>27</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(133)</u>	<u>(303)</u>	<u>-</u>	<u>-</u>	<u>(7)</u>	<u>10</u>
Other financing sources (uses):						
Transfers in		365			96	
Transfers out						
Total other financing sources (uses)	<u>-</u>	<u>365</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>-</u>
Net change in fund balance	(133)	62	-	-	89	10
Fund balance, beginning of year	<u>1,125</u>	<u>308</u>	<u>11</u>	<u>-</u>	<u>73</u>	<u>1</u>
Fund Balance, End of Year	<u>\$ 992</u>	<u>\$ 370</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 162</u>	<u>\$ 11</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Child Day Care Grant</u>	<u>Youth Services Donations</u>	<u>Young Astronauts Club</u>	<u>Council on Substance Abuse Grant</u>	<u>Narcotics Forfeitures</u>	<u>Covanta</u>
Revenues:						
Intergovernmental	\$ 478	\$	\$	\$	\$ 7	\$
Charges for services						
Other revenue		33	35	21		16
Total revenues	<u>478</u>	<u>33</u>	<u>35</u>	<u>21</u>	<u>7</u>	<u>16</u>
Expenditures:						
Current:						
General government						
Public safety						
Public works						77
Health and social services	478	30	25	25		
Parks and recreation						
Education						
Capital outlay						
Total expenditures	<u>478</u>	<u>30</u>	<u>25</u>	<u>25</u>	<u>-</u>	<u>77</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>3</u>	<u>10</u>	<u>(4)</u>	<u>7</u>	<u>(61)</u>
Other financing sources (uses):						
Transfers in						
Transfers out						
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	3	10	(4)	7	(61)
Fund balance, beginning of year	<u>-</u>	<u>34</u>	<u>13</u>	<u>14</u>	<u>56</u>	<u>69</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 23</u>	<u>\$ 10</u>	<u>\$ 63</u>	<u>\$ 8</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>CRRRA Distribution</u>	<u>Historic Document Preservation Grant</u>	<u>Recreation Department Programs</u>	<u>EMP Grant</u>	<u>Summer Youth Employment</u>
Revenues:					
Intergovernmental	\$ 87	\$ 8	\$	\$ 15	\$
Charges for services		11	851		
Other revenue	52				41
Total revenues	<u>139</u>	<u>19</u>	<u>851</u>	<u>15</u>	<u>41</u>
Expenditures:					
Current:					
General government		13			
Public safety				2	
Public works					
Health and social services					42
Parks and recreation			851		
Education					
Capital outlay	1,404				
Total expenditures	<u>1,404</u>	<u>13</u>	<u>851</u>	<u>2</u>	<u>42</u>
Excess (deficiency) of revenues over expenditures	<u>(1,265)</u>	<u>6</u>	<u>-</u>	<u>13</u>	<u>(1)</u>
Other financing sources (uses):					
Transfers in	127				
Transfers out				(13)	
Total other financing sources (uses)	<u>127</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>-</u>
Net change in fund balance	(1,138)	6	-	-	(1)
Fund balance, beginning of year	<u>3,312</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>1</u>
Fund Balance, End of Year	<u>\$ 2,174</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Miscellaneous Grants and Donations</u>	<u>Education Trust</u>	<u>Dog Pound Trust</u>	<u>Irving H. Prageman</u>	<u>Charles R. Clulee</u>	<u>Total</u>
Revenues:						
Intergovernmental	\$	\$	\$	\$	\$	\$ 7,531
Charges for services			7			2,658
Other revenue	19	32		21		468
Total revenues	<u>19</u>	<u>32</u>	<u>7</u>	<u>21</u>	<u>-</u>	<u>10,657</u>
Expenditures:						
Current:						
General government						40
Public safety	15		13			30
Public works						1,077
Health and social services	1					601
Parks and recreation						851
Education		9				8,338
Capital outlay						1,404
Total expenditures	<u>16</u>	<u>9</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>12,341</u>
Excess (deficiency) of revenues over expenditures	<u>3</u>	<u>23</u>	<u>(6)</u>	<u>21</u>	<u>-</u>	<u>(1,684)</u>
Other financing sources (uses):						
Transfers in		9				597
Transfers out						(13)
Total other financing sources (uses)	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>584</u>
Net change in fund balance	3	32	(6)	21	-	(1,100)
Fund balance, beginning of year	<u>68</u>	<u>-</u>	<u>27</u>	<u>71</u>	<u>2</u>	<u>5,262</u>
Fund Balance, End of Year	<u>\$ 71</u>	<u>\$ 32</u>	<u>\$ 21</u>	<u>\$ 92</u>	<u>\$ 2</u>	<u>\$ 4,162</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
 JUNE 30, 2020
 (In Thousands)**

	<u>Quinnipiac Linear Trail</u>	<u>School Renovations</u>	<u>Vernon E. Cleaves Vo-ag Center</u>	<u>School Roof Projects</u>	<u>Transfer Station</u>	<u>BOE Asbestos Station</u>	<u>BOE Capital Projects</u>
ASSETS							
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$
Intergovernmental				910			
Due from other funds	<u>736</u>				<u>35</u>		
Total Assets	<u>\$ 736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts and other payables	\$ 5	\$	\$	\$	\$	\$	\$ 109
Due to other funds		2,222	1,610	1,373			3,072
Other liabilities							
Total liabilities	<u>5</u>	<u>2,222</u>	<u>1,610</u>	<u>1,373</u>	<u>-</u>	<u>-</u>	<u>3,181</u>
Fund balance:							
Committed	731				35		
Unassigned		<u>(2,222)</u>	<u>(1,610)</u>	<u>(463)</u>			<u>(3,181)</u>
Total fund balance	<u>731</u>	<u>(2,222)</u>	<u>(1,610)</u>	<u>(463)</u>	<u>35</u>	<u>-</u>	<u>(3,181)</u>
Total Liabilities and Fund Balance	<u>\$ 736</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>

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**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS (CONTINUED)
 JUNE 30, 2020
 (In Thousands)**

	<u>BOE Projects CRRRA</u>	<u>Property Purchase</u>	<u>WSW Project Reserve</u>	<u>Town Building Projects</u>	<u>Northford Road</u>	<u>Community Pool Park</u>	<u>Town Wide Radio System</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$	\$	\$ 2,115	\$	\$	\$	\$	\$ 2,115
Intergovernmental								910
Due from other funds	<u>194</u>			<u>292</u>				<u>1,257</u>
Total Assets	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 2,115</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,282</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts and other payables	\$	\$	\$ 8	\$ 7	\$ 4	\$	\$ 4	\$ 137
Due to other funds					17	414	1,157	9,865
Other liabilities			<u>1,544</u>					<u>1,544</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,552</u>	<u>7</u>	<u>21</u>	<u>414</u>	<u>1,161</u>	<u>11,546</u>
Fund balance:								
Committed	<u>194</u>		<u>563</u>	<u>285</u>				<u>1,808</u>
Unassigned					<u>(21)</u>	<u>(414)</u>	<u>(1,161)</u>	<u>(9,072)</u>
Total fund balance	<u>194</u>	<u>-</u>	<u>563</u>	<u>285</u>	<u>(21)</u>	<u>(414)</u>	<u>(1,161)</u>	<u>(7,264)</u>
Total Liabilities and Fund Balance	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 2,115</u>	<u>\$ 292</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,282</u>

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Quinnipiac Linear Trail</u>	<u>School Renovations</u>	<u>Vernon E. Cleaves Vo-Ag Center</u>	<u>School Roof Projects</u>	<u>Transfer Station</u>	<u>BOE Asbestos Station</u>	<u>BOE Capital Projects</u>
Revenues:							
Intergovernmental revenues	\$ 21	\$	\$	\$	\$	\$	\$
Investment Income							
Total revenues	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:							
Capital outlay	<u>5</u>						<u>1,994</u>
Excess (deficiency) of revenues over expenditures	16	-	-	-	-	-	(1,994)
Other financing sources:							
Transfers out						(21)	
Net change in fund balances	16	-	-	-	-	(21)	(1,994)
Fund balance, beginning of year	<u>715</u>	<u>(2,222)</u>	<u>(1,610)</u>	<u>(463)</u>	<u>35</u>	<u>21</u>	<u>(1,187)</u>
Fund Balance, End of Year	<u>\$ 731</u>	<u>\$ (2,222)</u>	<u>\$ (1,610)</u>	<u>\$ (463)</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ (3,181)</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>BOE Projects CRRRA</u>	<u>Property Purchase</u>	<u>WSW Project Reserve</u>	<u>Town Building Projects</u>	<u>Northford Road</u>	<u>Community Pool Park</u>	<u>Town Wide Radio System</u>	<u>Total</u>
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$ 21
Investment Income			8					8
Total revenues	-	-	8	-	-	-	-	29
Expenditures:								
Capital outlay	25	59	8	91	21	374	819	3,396
Excess (deficiency) of revenues over expenditures	(25)	(59)	-	(91)	(21)	(374)	(819)	(3,367)
Other financing sources:								
Transfers out	(106)							(127)
Net change in fund balances	(131)	(59)	-	(91)	(21)	(374)	(819)	(3,494)
Fund balance, beginning of year	325	59	563	376	-	(40)	(342)	(3,770)
Fund Balance, End of Year	\$ 194	\$ -	\$ 563	\$ 285	\$ (21)	\$ (414)	\$ (1,161)	\$ (7,264)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2020
 (In Thousands)**

	<u>Charles B. Yale Fund #1</u>	<u>Charles B. Yale Fund #2</u>	<u>Edwin H. Brown Fund</u>	<u>Harrison Park Fund</u>	<u>William P. Dorsey Fund</u>	<u>Anna M. Fredericks Fund</u>	<u>Alice Kelly Memorial Fund</u>	<u>Walters Memorial Fund</u>
ASSETS								
Cash and Cash Equivalents	\$ <u>10</u>	\$ <u>30</u>	\$ <u>5</u>	\$ <u>1</u>	\$ <u>5</u>	\$ <u>5</u>	\$ <u>15</u>	\$ <u>1</u>
LIABILITIES AND FUND BALANCE								
Fund Balance:								
Nonspendable - Reserved for Trusts	\$ <u>10</u>	\$ <u>30</u>	\$ <u>5</u>	\$ <u>1</u>	\$ <u>5</u>	\$ <u>5</u>	\$ <u>15</u>	\$ <u>1</u>

(Continued on next page)

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS (CONTINUED)
 JUNE 30, 2020
 (In Thousands)**

	<u>Polish American Veterans Scholarship Fund</u>	<u>Judge Francis R. Sabota Memorial Trust Fund</u>	<u>Patrick M. Wall Memorial Scholarship Fund</u>	<u>Jerry Lehmann Memorial Scholarship Fund</u>	<u>Ortense Memorial Lyman High Scholarship Fund</u>	<u>Ortense Memorial Sheehan High Scholarship Fund</u>	<u>Dog Pound Trust Fund</u>	<u>Total</u>
ASSETS								
Cash and Cash Equivalents	\$ <u>37</u>	\$ <u>26</u>	\$ <u>5</u>	\$ <u>4</u>	\$ <u>272</u>	\$ <u>272</u>	\$ <u>706</u>	\$ <u>1,394</u>
LIABILITIES AND FUND BALANCE								
Fund Balance:								
Nonspendable - Reserved for Trusts	\$ <u>37</u>	\$ <u>26</u>	\$ <u>5</u>	\$ <u>4</u>	\$ <u>272</u>	\$ <u>272</u>	\$ <u>706</u>	\$ <u>1,394</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020
 (In Thousands)**

	<u>Charles B. Yale Fund #1</u>	<u>Charles B. Yale Fund #2</u>	<u>Edwin H. Brown Fund</u>	<u>Harrison Park Fund</u>	<u>William P. Dorsey Fund</u>	<u>Anna M. Fredericks Fund</u>	<u>Alice Kelly Memorial Fund</u>	<u>Walters Memorial Fund</u>
Revenues:								
Investment income	\$	\$	\$	\$	\$	\$	\$	\$
Other revenue - donations								
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing uses:								
Transfers out							(1)	
Net change in fund balances	-	-	-	-	-	-	(1)	-
Fund balance, beginning of year	<u>10</u>	<u>30</u>	<u>5</u>	<u>1</u>	<u>5</u>	<u>5</u>	<u>16</u>	<u>1</u>
Fund Balance, End of Year	<u>\$ 10</u>	<u>\$ 30</u>	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 15</u>	<u>\$ 1</u>

(Continued on next page)

TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	Polish American Veterans Scholarship Fund	Judge Francis R. Sabota Memorial Trust Fund	Patrick M. Wall Memorial Scholarship Fund	Jerry Lehmann Memorial Scholarship Fund	Ortense Memorial Lyman High Scholarship Fund	Ortense Memorial Sheehan High Scholarship Fund	Dog Pound Trust Fund	Total
Revenues:								
Investment income	\$	\$	\$	\$	\$ 5	\$ 5	\$ 1	\$ 11
Other revenue - donations							19	19
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>	<u>20</u>	<u>30</u>
Other financing uses:								
Transfers out					(4)	(4)		(9)
Net change in fund balances	-	-	-	-	1	1	20	21
Fund balance, beginning of year	<u>37</u>	<u>26</u>	<u>5</u>	<u>4</u>	<u>271</u>	<u>271</u>	<u>686</u>	<u>1,373</u>
Fund Balance, End of Year	<u>\$ 37</u>	<u>\$ 26</u>	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 272</u>	<u>\$ 272</u>	<u>\$ 706</u>	<u>\$ 1,394</u>

Enterprise Funds

ENTERPRISE FUNDS

Enterprise funds are used to account for the operations of the Electric Division, Water Division, and Sewer Division that provide services to residents of the Town funded primarily by user fees.

Exhibits C-1, C-2 and C-3 display the following for the Electric, Water and Sewer Divisions:

1. Original budget
2. Amended budget
3. Actual results of operations
4. Variance to amended budget

**TOWN OF WALLINGFORD, CONNECTICUT
ELECTRIC DIVISION
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	
Operating revenues:				
Charges for services	\$ 74,624	\$ 74,624	\$ 67,961	\$ (6,663)
Late payment charges	560	560	441	(119)
Other	155	155	133	(22)
Total operating revenues	<u>75,339</u>	<u>75,339</u>	<u>68,535</u>	<u>(6,804)</u>
Operating expenses:				
Operating expenses	67,914	68,753	59,954	8,799
Depreciation and amortization expense	3,645	3,648	3,587	61
Gross earnings and property tax	2,292	2,292	2,043	249
Total operating expenses	<u>73,851</u>	<u>74,693</u>	<u>65,584</u>	<u>9,109</u>
Operating income (loss)	<u>1,488</u>	<u>646</u>	<u>2,951</u>	<u>2,305</u>
Nonoperating income (loss):				
Gain on disposal of assets	15	15	15	-
Loss on disposal of assets	(60)	(60)	(38)	22
Lease income	1,533	1,533	1,532	(1)
Investment and interest income	391	391	273	(118)
Interest expense on customer deposits	(103)	(103)	(84)	19
Other nonoperating revenues	325	325	1,447	1,122
Other nonoperating expenses	(127)	(130)	(100)	30
Net nonoperating income	<u>1,974</u>	<u>1,971</u>	<u>3,045</u>	<u>1,074</u>
Income before transfers	3,462	2,617	5,996	3,379
Transfers to other funds:				
General fund	<u>(1,808)</u>	<u>(1,808)</u>	<u>(1,808)</u>	<u>-</u>
Net Income (Loss)	<u>\$ 1,654</u>	<u>\$ 809</u>	<u>\$ 4,188</u>	<u>\$ 3,379</u>

TOWN OF WALLINGFORD, CONNECTICUT
WATER DIVISION
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>		
Operating revenues:				
Charges for services	\$ <u>7,247</u>	\$ <u>7,247</u>	\$ <u>7,067</u>	\$ <u>(180)</u>
Operating expenses:				
Operating expenses	<u>5,736</u>	<u>5,797</u>	<u>4,917</u>	<u>880</u>
Depreciation expense	<u>2,038</u>	<u>2,038</u>	<u>1,875</u>	<u>163</u>
Total operating expenses	<u>7,774</u>	<u>7,835</u>	<u>6,792</u>	<u>1,043</u>
Operating income (loss)	<u>(527)</u>	<u>(588)</u>	<u>275</u>	<u>863</u>
Nonoperating income (loss):				
Capital grants and contributions			190	190
Lease income	74	74	83	9
Interest and amortization expense	(74)	(74)	(72)	2
Investment and interest income	229	229	262	33
Other nonoperating revenues	<u>123</u>	<u>123</u>	<u>168</u>	<u>45</u>
Net nonoperating income	<u>352</u>	<u>352</u>	<u>631</u>	<u>279</u>
Net Income (Loss)	\$ <u><u>(175)</u></u>	\$ <u><u>(236)</u></u>	\$ <u><u>906</u></u>	\$ <u><u>1,142</u></u>

**TOWN OF WALLINGFORD, CONNECTICUT
SEWER DIVISION
SCHEDULE OF REVENUES, EXPENSES AND OTHER FINANCING SOURCES (USES)
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original Budget</u>	<u>Amended Budget</u>		
Operating revenues:				
Charges for services	\$ <u>6,434</u>	\$ <u>6,434</u>	\$ <u>6,387</u>	\$ <u>(47)</u>
Operating expenses:				
Operating expenses	<u>6,263</u>	<u>6,258</u>	<u>5,458</u>	<u>800</u>
Depreciation expense	<u>2,277</u>	<u>2,277</u>	<u>2,036</u>	<u>241</u>
Total operating expenses	<u>8,540</u>	<u>8,535</u>	<u>7,494</u>	<u>1,041</u>
Operating income (loss)	<u>(2,106)</u>	<u>(2,101)</u>	<u>(1,107)</u>	<u>994</u>
Nonoperating income (loss):				
Capital grants and contributions			6,848	6,848
Other nonoperating revenues	292	292	294	2
Interest and amortization expense	(11)	(60)	(60)	-
Investment and interest income	<u>240</u>	<u>240</u>	<u>230</u>	<u>(10)</u>
Net nonoperating income	<u>521</u>	<u>472</u>	<u>7,312</u>	<u>6,840</u>
Net Income (Loss)	\$ <u><u>(1,585)</u></u>	\$ <u><u>(1,629)</u></u>	\$ <u><u>6,205</u></u>	\$ <u><u>7,834</u></u>

Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Benefits Fund - to provide reserves needed to support health benefit costs.

Workers' Compensation Fund - to provide reserves needed to support workers' compensation claims.

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2020
 (In Thousands)**

	<u>Health Benefits Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Assets:			
Accounts receivable	\$ 1,404	\$ 27	\$ 1,431
Due from other funds	<u>4,182</u>	<u>1,044</u>	<u>5,226</u>
Total assets	<u>5,586</u>	<u>1,071</u>	<u>6,657</u>
Liabilities:			
Risk management claims:			
Current	1,344	1,127	2,471
Noncurrent	<u>1,344</u>	<u>1,357</u>	<u>1,357</u>
Total liabilities	<u>1,344</u>	<u>2,484</u>	<u>3,828</u>
Net Position:			
Unrestricted	<u>4,242</u>	<u>(1,413)</u>	<u>2,829</u>
Total Net Position	<u>\$ 4,242</u>	<u>\$ (1,413)</u>	<u>\$ 2,829</u>

**TOWN OF WALLINGFORD, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020
 (In Thousands)**

	<u>Health Benefits Fund</u>	<u>Workers' Compensation Fund</u>	<u>Total</u>
Operating revenues:			
Fund premiums	\$ 26,792	\$ 1,453	\$ 28,245
Operating expenses:			
Employee benefits	19,444	1,625	21,069
Other	<u>3,723</u>	<u>3,723</u>	<u>3,723</u>
Total operating expenses	<u>23,167</u>	<u>1,625</u>	<u>24,792</u>
Operating income (loss)	3,625	(172)	3,453
Net position, beginning of year	<u>617</u>	<u>(1,241)</u>	<u>(624)</u>
Net Position, End of Year	<u>\$ 4,242</u>	<u>\$ (1,413)</u>	<u>\$ 2,829</u>

**TOWN OF WALLINGFORD, CONNECTICUT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

	Health Benefits Fund	Workers' Compensation Fund	Total
Cash flows from operating activities			
Cash received from operations	\$ 23,831	\$ 1,512	\$ 25,343
Cash payments to vendors and others	(23,831)	(1,512)	(25,343)
Net cash provided by (used in) operating activities	-	-	-
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents, beginning of year	-	-	-
Cash and Cash Equivalents, End of Year	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 3,625	\$ (172)	\$ 3,453
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Decrease (increase) in accounts receivable	57	6	63
Increase (decrease) in accounts payable and accrued expenses	(664)	113	(551)
Decrease (increase) in due from other funds	(3,018)	53	(2,965)
Net Cash Provided by (Used in) Operating Activities	\$ -	\$ -	\$ -

Agency Funds

AGENCY FUNDS

Agency Funds utilize the accrual basis of accounting. Agency Funds are custodial in nature (assets equal liabilities) and are used to account for school activities and developers' escrow.

The Town's Agency Funds are listed below:

School Activity Fund
Developers' Escrow Fund

TOWN OF WALLINGFORD, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
School Activities				
Assets:				
Cash and cash equivalents	\$ 605	\$ 997	\$ 1,052	\$ 550
Investments	<u>71</u>			<u>71</u>
Total Assets	<u>\$ 676</u>	<u>\$ 997</u>	<u>\$ 1,052</u>	<u>\$ 621</u>
Liabilities:				
Due to student groups and agencies	<u>\$ 676</u>	<u>\$ 997</u>	<u>\$ 1,052</u>	<u>\$ 621</u>
Developers' Escrow Fund				
Assets:				
Cash and cash equivalents	<u>\$ 460</u>	<u>\$ 45</u>	<u>\$ 15</u>	<u>\$ 490</u>
Liabilities:				
Due to student groups and agencies	<u>\$ 460</u>	<u>\$ 45</u>	<u>\$ 15</u>	<u>\$ 490</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 1,065	\$ 1,042	\$ 1,067	\$ 1,040
Investments	<u>71</u>			<u>71</u>
Total Assets	<u>\$ 1,136</u>	<u>\$ 1,042</u>	<u>\$ 1,067</u>	<u>\$ 1,111</u>
Liabilities:				
Due to student groups and agencies	<u>\$ 1,136</u>	<u>\$ 1,042</u>	<u>\$ 1,067</u>	<u>\$ 1,111</u>

Supplementary Data

**TOWN OF WALLINGFORD, CONNECTICUT
SCHEDULE OF CHANGES IN BONDS AND SERIAL NOTES
FOR THE YEAR ENDED JUNE 30, 2020
(In Thousands)**

Description	Date of Issue	Maturity Date	Interest Rate (%)	Amount of Original Issue	Balance Outstanding July 1, 2019	Issued	Retired	Balance Outstanding June 30, 2020
General:								
General Purpose:								
Library and Land Acquisition (2007 & 2008 Refunding)	08/27/15	03/15/27	2.00-5.00	\$ 6,424	\$ 4,030	\$	\$ 792	\$ 3,238
Tyler Mill Property Purchase	10/01/15	10/15/35	2.00-4.00	305	120		60	60
North Farms Fire Station Building	03/13/19	03/01/39	2.00-4.00	4,285	4,285		200	4,085
Town-Wide Radio Communication System	03/13/19	03/01/39	2.00-4.00	5,000	5,000		210	4,790
33 North Cherry Street Purchase	03/13/19	03/01/24	2.00-4.00	365	365		70	295
Total					<u>13,800</u>	<u>-</u>	<u>1,332</u>	<u>12,468</u>
Schools:								
Schools	05/15/11	05/15/31	1.75-3.75	1,440	295		150	145
Schools (2003 & 2005 Refunding)	03/15/12	03/15/25	2.00-4.00	15,190	7,785		1,385	6,400
Schools (2007 & 2008 Refunding)	08/27/15	03/15/27	2.00-5.00	4,606	3,055		513	2,542
School Roof Program	10/01/15	10/15/35	2.00-4.00	7,200	6,120		360	5,760
Lyman Hall Track & Field	10/01/15	10/15/35	2.00-4.00	2,000	1,700		100	1,600
School System CIP Phase I	10/01/15	10/15/35	2.00-4.00	1,120	835		95	740
School System CIP Phase II	03/13/19	03/01/39	2.00-4.00	7,000	7,000		350	6,650
Total					<u>26,790</u>	<u>-</u>	<u>2,953</u>	<u>23,837</u>
Total Bond Indebtedness					<u>\$ 40,590</u>	<u>\$ -</u>	<u>\$ 4,285</u>	<u>\$ 36,305</u>
Business-Type Activities:								
Water Division:								
McKenzie Reservoir	05/15/11	05/15/31	1.75-3.75	2,820	\$ 1,870	\$	\$ 155	\$ 1,715
Pistapaug Water Tank	10/01/15	10/15/25	2.00-4.00	680	470		70	400
Total					<u>2,340</u>	<u>-</u>	<u>225</u>	<u>2,115</u>
Sewer Division:								
State of Connecticut - Serial Note 479-C	08/11/05	07/01/25	2.00	1,997	610		100	510
State of Connecticut - Interim Financing Obligation 721	06/21/19	N/A	2.00	N/A		8,013		8,013
Total					<u>610</u>	<u>8,013</u>	<u>100</u>	<u>8,523</u>
Total Bond Indebtedness					<u>\$ 2,950</u>	<u>\$ 8,013</u>	<u>\$ 325</u>	<u>\$ 10,638</u>

Statistical Section

Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF WALLINGFORD, CONNECTICUT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities:										
Net investments in capital assets	\$ 201,373	\$ 199,111	\$ 208,230	\$ 208,663	\$ 208,853	\$ 212,475	\$ 213,199	\$ 204,447	\$ 203,115	\$ 199,247
Restricted	1,541	1,473	1,466	1,465	1,417	1,407	1,401	1,462	1,479	1,492
Unrestricted	(65,482)	(58,049)	(56,940)	(33,221)	(28,945)	(37,647)	7,141	13,464	12,412	13,911
Total governmental activities net position	<u>137,432</u>	<u>142,535</u>	<u>152,756</u>	<u>176,907</u>	<u>181,325</u>	<u>176,235</u>	<u>221,741</u>	<u>219,373</u>	<u>217,006</u>	<u>214,650</u>
Business-type activities:										
Net investments in capital assets	106,612	101,859	99,954	97,293	97,908	98,653	99,734	101,150	103,893	104,863
Restricted	1,049	307	278	515	608	1,436	1,579	514	82	526
Unrestricted	39,181	33,377	32,264	41,246	37,563	41,363	41,236	39,788	34,502	33,447
Total business-type activities net position	<u>146,842</u>	<u>135,543</u>	<u>132,496</u>	<u>139,054</u>	<u>136,079</u>	<u>141,452</u>	<u>142,549</u>	<u>141,452</u>	<u>138,477</u>	<u>138,836</u>
Primary government:										
Net investment in capital assets	307,985	300,970	308,184	305,956	306,761	311,128	312,933	305,597	307,008	304,110
Restricted	2,590	1,780	1,744	1,980	2,025	2,843	2,980	1,976	1,561	2,018
Unrestricted	(26,301)	(24,672)	(24,676)	8,025	8,618	3,716	48,377	53,252	46,914	47,358
Total Primary Government Net Position	<u>\$ 284,274</u>	<u>\$ 278,078</u>	<u>\$ 285,252</u>	<u>\$ 315,961</u>	<u>\$ 317,404</u>	<u>\$ 317,687</u>	<u>\$ 364,290</u>	<u>\$ 360,825</u>	<u>\$ 355,483</u>	<u>\$ 353,486</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 2

TOWN OF WALLINGFORD, CONNECTICUT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Expenses:										
Governmental activities:										
General government	\$ 25,872	\$ 30,703	\$ 29,481	\$ 25,590	\$ 24,766	\$ 25,674	\$ 22,956	\$ 21,701	\$ 21,756	\$ 22,377
Public safety	21,964	20,938	19,794	17,873	12,961	15,653	15,435	14,539	15,889	16,200
Public works	11,218	10,432	9,360	10,279	9,316	9,633	9,988	10,168	8,510	10,761
Health and social services	2,609	2,627	2,823	2,782	2,515	2,679	2,616	2,443	2,449	2,458
Parks and recreation	2,526	2,496	2,487	2,339	2,433	2,314	2,286	2,218	2,233	2,152
Education	133,655	123,742	134,849	132,065	120,828	114,748	116,567	112,888	112,507	108,554
Interest on long-term debt	1,282	1,017	913	1,034	1,140	1,122	1,229	1,293	1,699	1,672
Total governmental activities expenses	<u>199,126</u>	<u>191,955</u>	<u>199,707</u>	<u>191,962</u>	<u>173,959</u>	<u>171,823</u>	<u>171,077</u>	<u>165,250</u>	<u>165,043</u>	<u>164,174</u>
Business-type activities:										
Electric	65,691	73,727	73,776	68,136	73,788	68,089	71,476	69,214	73,785	75,861
Water	6,864	7,043	6,849	6,805	9,032	7,113	7,191	6,954	6,907	6,367
Sewer	7,554	7,179	6,925	7,354	8,157	7,530	7,155	7,173	6,901	6,877
EMS Transport			1,184	1,427	1,721	1,741	1,681	1,818		
Total business-type activities expenses	<u>80,109</u>	<u>87,949</u>	<u>88,734</u>	<u>83,722</u>	<u>92,698</u>	<u>84,473</u>	<u>87,503</u>	<u>85,159</u>	<u>87,593</u>	<u>89,105</u>
Total expenses	<u>279,235</u>	<u>279,904</u>	<u>288,441</u>	<u>275,684</u>	<u>266,657</u>	<u>256,296</u>	<u>258,580</u>	<u>250,409</u>	<u>252,636</u>	<u>253,279</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	1,888	1,016	2,121	836	2,068	1,781	1,805	1,702	2,067	2,849
Public safety	2,794	4,151	2,589	1,780	969	808	571	1,127	1,414	1,583
Education	2,096	3,529	3,475	3,551	2,592	2,459	2,519	2,932	2,935	4,348
Other	903	1,055	1,021	1,024	1,005	977	946	1,127	1,094	887
Operating grants and contributions	47,067	36,736	47,732	48,390	41,599	40,847	43,067	40,322	42,068	36,826
Capital grants and contributions	1,747	846	365	2,675	4,228	730	6,468	2,763	3,232	2,231
Total governmental activities program revenues	<u>56,495</u>	<u>47,333</u>	<u>57,303</u>	<u>58,256</u>	<u>52,461</u>	<u>47,602</u>	<u>55,376</u>	<u>49,973</u>	<u>52,810</u>	<u>48,724</u>
Business-type activities:										
Charges for services:										
Electric	69,882	76,046	70,676	69,141	69,681	71,443	72,621	73,583	74,259	77,908
Water	7,235	7,407	7,478	8,028	7,904	7,766	7,186	6,311	6,906	6,935
Sewer	6,681	6,788	6,785	7,162	7,123	7,125	7,152	6,481	6,516	6,142
EMS Transport				2,132	2,130	2,075	2,067	2,034		
Capital grants and contributions	7,038	88	25	342	762	260	91	437	292	691
Total business-type activities program revenues	<u>90,836</u>	<u>90,329</u>	<u>84,964</u>	<u>86,805</u>	<u>87,600</u>	<u>88,669</u>	<u>89,117</u>	<u>88,846</u>	<u>87,973</u>	<u>91,676</u>
Total program revenues	<u>147,331</u>	<u>137,662</u>	<u>142,267</u>	<u>145,061</u>	<u>140,061</u>	<u>136,271</u>	<u>144,493</u>	<u>138,819</u>	<u>140,783</u>	<u>140,400</u>

(Continued on next page)

TABLE 2

TOWN OF WALLINGFORD, CONNECTICUT
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Net (expense) revenue:										
Governmental activities	\$ (142,631)	\$ (144,622)	\$ (142,404)	\$ (133,706)	\$ (121,498)	\$ (124,221)	\$ (115,701)	\$ (115,277)	\$ (112,233)	\$ (115,450)
Business-type activities	10,727	2,380	(3,770)	3,083	(5,098)	4,196	1,614	3,687	380	2,571
Total net cost of services	<u>(131,904)</u>	<u>(142,242)</u>	<u>(146,174)</u>	<u>(130,623)</u>	<u>(126,596)</u>	<u>(120,025)</u>	<u>(114,087)</u>	<u>(111,590)</u>	<u>(111,853)</u>	<u>(112,879)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	125,331	122,128	121,056	118,474	118,771	115,619	110,529	109,808	106,499	105,189
Grants and contributions not restricted to specific programs	7,343	6,465	5,413	6,455	5,714	5,820	5,416	5,613	4,211	4,394
Unrestricted investment earnings	949	1,101	588	296	187	141	93	88	108	114
Other general revenues	2,097	2,806	2,511	2,370	243	377	369	275	1,906	5,529
Transfers	1,808	1,901	3,452	1,693	1,673	1,746	1,662	1,860	1,865	1,877
Total governmental activities	<u>137,528</u>	<u>134,401</u>	<u>133,020</u>	<u>129,288</u>	<u>126,588</u>	<u>123,703</u>	<u>118,069</u>	<u>117,644</u>	<u>114,589</u>	<u>117,103</u>
Business-type activities:										
Unrestricted investment earnings	765	941	677	366	225	183	186	206	199	156
Other general revenues	1,615	1,627	1,405	1,219	1,173	1,065	959	942	927	931
Transfers	(1,808)	(1,901)	(3,452)	(1,693)	(1,673)	(1,746)	(1,662)	(1,860)	(1,865)	(1,877)
Total business-type activities	<u>572</u>	<u>667</u>	<u>(1,370)</u>	<u>(108)</u>	<u>(275)</u>	<u>(498)</u>	<u>(517)</u>	<u>(712)</u>	<u>(739)</u>	<u>(790)</u>
Total general revenues and other charges	<u>138,100</u>	<u>135,068</u>	<u>131,650</u>	<u>129,180</u>	<u>126,313</u>	<u>123,205</u>	<u>117,552</u>	<u>116,932</u>	<u>113,850</u>	<u>116,313</u>
Changes in Net Position:										
Governmental activities	(5,103)	(10,221)	(9,384)	(4,418)	5,090	(518)	2,368	2,367	2,356	1,653
Business-type activities	11,299	3,047	(5,140)	2,975	(5,373)	3,698	1,097	2,975	(359)	1,781
Total	<u>\$ 6,196</u>	<u>\$ (7,174)</u>	<u>\$ (14,524)</u>	<u>\$ (1,443)</u>	<u>\$ (283)</u>	<u>\$ 3,180</u>	<u>\$ 3,465</u>	<u>\$ 5,342</u>	<u>\$ 1,997</u>	<u>\$ 3,434</u>

Notes:

(1) Schedule prepared on the accrual basis of accounting.

TABLE 3

**TOWN OF WALLINGFORD, CONNECTICUT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund:										
Nonspendable	\$ 182	\$ 189	\$ 142	\$ 143	\$ 126	\$	\$	\$ 2	\$ 4	\$ 15
Committed	3,721	2,496	2,333	1,693	1,517	2,889	1,858	911	295	244
Assigned	8,397	6,671	6,680	7,335	5,098	4,871	4,869	5,626	6,008	5,906
Unassigned	<u>16,274</u>	<u>16,785</u>	<u>17,126</u>	<u>18,659</u>	<u>22,509</u>	<u>19,811</u>	<u>18,837</u>	<u>18,265</u>	<u>16,337</u>	<u>14,797</u>
Total General Fund	<u>\$ 28,574</u>	<u>\$ 26,141</u>	<u>\$ 26,281</u>	<u>\$ 27,830</u>	<u>\$ 29,250</u>	<u>\$ 27,571</u>	<u>\$ 25,564</u>	<u>\$ 24,804</u>	<u>\$ 22,644</u>	<u>\$ 20,962</u>
All other governmental funds:										
Nonspendable	\$ 1,478	\$ 1,435	\$ 1,424	\$ 1,434	\$ 1,441	\$ 1,460	\$ 1,411	\$ 1,466	\$ 1,494	\$ 1,541
Restricted	1,159	1,283	989	844	1,036	1,118	893	908	545	403
Committed	9,931	12,799	13,256	13,570	13,407	14,809	14,629	19,449	15,838	17,044
Unassigned	<u>(9,080)</u>	<u>(5,832)</u>	<u>(12,240)</u>	<u>(10,251)</u>	<u>(9,518)</u>	<u>(14,992)</u>	<u>(14,766)</u>	<u>(13,709)</u>	<u>(8,551)</u>	<u>(6,801)</u>
Total All Other Governmental Funds	<u>\$ 3,488</u>	<u>\$ 9,685</u>	<u>\$ 3,429</u>	<u>\$ 5,597</u>	<u>\$ 6,366</u>	<u>\$ 2,395</u>	<u>\$ 2,167</u>	<u>\$ 8,114</u>	<u>\$ 9,326</u>	<u>\$ 12,187</u>

TABLE 4

TOWN OF WALLINGFORD, CONNECTICUT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(In Thousands)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues:										
General property taxes	\$ 125,303	\$ 121,737	\$ 121,325	\$ 118,393	\$ 119,376	\$ 115,657	\$ 111,543	\$ 109,255	\$ 105,948	\$ 104,359
Licenses and permits	822	774	990	660	764	637	629	668	642	760
Intergovernmental revenues	54,930	52,899	45,003	57,511	48,796	44,809	52,677	46,183	47,040	44,055
Charges for services	7,950	8,990	8,231	6,533	6,383	6,030	5,954	6,415	7,535	7,558
Investment income	948	1,099	590	294	184	136	100	88	108	111
Other	2,231	2,800	2,498	2,371	2,570	2,344	2,138	2,370	2,217	7,046
Total revenues	<u>192,184</u>	<u>188,299</u>	<u>178,637</u>	<u>185,762</u>	<u>178,073</u>	<u>169,613</u>	<u>173,041</u>	<u>164,979</u>	<u>163,490</u>	<u>163,889</u>
Expenditures:										
General government	27,807	26,331	26,042	25,014	24,998	23,763	22,857	21,855	21,845	21,545
Public safety	18,559	18,439	18,038	16,193	16,346	15,458	15,524	14,736	15,078	14,859
Public works	7,091	7,606	7,036	7,651	6,938	7,920	6,868	7,001	6,847	8,399
Health and social services	2,621	2,623	2,793	2,727	2,634	2,669	2,606	2,455	2,457	2,456
Parks and recreation	1,599	1,775	1,788	1,784	1,855	1,833	1,808	1,718	1,730	1,659
Education	125,608	125,812	120,306	126,663	115,257	110,364	111,859	107,757	105,742	101,982
Capital outlay	8,847	14,023	4,728	4,919	12,635	2,388	13,857	5,562	7,762	2,604
Debt Service:										
Principal	4,285	3,455	3,455	3,460	3,090	3,519	3,185	3,439	3,340	3,351
Interest and other charges	1,339	1,040	1,101	1,233	1,285	1,210	1,326	1,368	1,870	1,683
Total expenditures	<u>197,756</u>	<u>201,104</u>	<u>185,287</u>	<u>189,644</u>	<u>185,038</u>	<u>169,124</u>	<u>179,890</u>	<u>165,891</u>	<u>166,671</u>	<u>158,538</u>
Excess of revenues over (under) expenditures	<u>(5,572)</u>	<u>(12,805)</u>	<u>(6,650)</u>	<u>(3,882)</u>	<u>(6,965)</u>	<u>489</u>	<u>(6,849)</u>	<u>(912)</u>	<u>(3,181)</u>	<u>5,351</u>
Other financing sources (uses):										
Transfers in	4,090	4,647	5,229	4,125	4,443	4,024	4,085	4,199	4,270	4,297
Transfers out	(2,282)	(2,746)	(2,296)	(2,432)	(2,770)	(2,278)	(2,423)	(2,339)	(2,405)	(2,420)
Bonds issued		16,650			10,625					2,060
Bond premium		370			1,424				1,889	19
Refunding bonds issued					11,030				15,190	
Payment to refunding bond escrow agent					(12,137)				(16,942)	
Total other financing sources (uses)	<u>1,808</u>	<u>18,921</u>	<u>2,933</u>	<u>1,693</u>	<u>12,615</u>	<u>1,746</u>	<u>1,662</u>	<u>1,860</u>	<u>2,002</u>	<u>3,956</u>
Net change in fund balances	<u>(3,764)</u>	<u>6,116</u>	<u>(3,717)</u>	<u>(2,189)</u>	<u>5,650</u>	<u>2,235</u>	<u>(5,187)</u>	<u>948</u>	<u>(1,179)</u>	<u>9,307</u>
Fund balances, beginning	<u>35,826</u>	<u>29,710</u>	<u>33,427</u>	<u>35,616</u>	<u>29,966</u>	<u>27,731</u>	<u>32,918</u>	<u>31,970</u>	<u>33,149</u>	<u>23,842</u>
Fund Balances, Ending	<u>\$ 32,062</u>	<u>\$ 35,826</u>	<u>\$ 29,710</u>	<u>\$ 33,427</u>	<u>\$ 35,616</u>	<u>\$ 29,966</u>	<u>\$ 27,731</u>	<u>\$ 32,918</u>	<u>\$ 31,970</u>	<u>\$ 33,149</u>
Debt service as a % of noncapital expenditures	<u>2.94%</u>	<u>2.51%</u>	<u>2.41%</u>	<u>2.53%</u>	<u>2.54%</u>	<u>2.84%</u>	<u>2.72%</u>	<u>3.00%</u>	<u>3.28%</u>	<u>3.23%</u>

Notes:

(1) Schedule prepared on the modified accrual basis of accounting.

TABLE 5

**TOWN OF WALLINGFORD, CONNECTICUT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (In Thousands)**

Fiscal Year	Grand List Year	Real Property			Personal Property	Motor Vehicle	Gross Taxable Grand List	Less Tax Exempt Property	Net Taxable Grand List	Total Direct Tax Rate (in mils)	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage Taxable of Taxable Value
		Residential	Commercial	Industrial								
2020	2018	\$ 2,719,351	\$ 599,004	\$ 279,073	\$ 442,179	\$ 382,049	\$ 4,421,656	\$ 184,920	\$ 4,236,736	29.19	\$ 6,052,480	70.00%
2019	2017	2,709,690	588,831	276,173	483,079	369,262	4,427,035	236,079	4,190,956	28.64	5,987,080	70.00%
2018	2016	2,701,132	588,259	332,839	478,304	363,675	4,464,209	246,433	4,217,776	28.55	6,025,394	70.00%
2017	2015	2,693,081	587,445	333,030	476,981	356,825	4,447,362	243,665	4,268,211	27.89	6,005,281	70.00%
2016	2014	2,757,725	541,103	325,867	518,000	348,129	4,490,824	222,613	4,250,582	27.47	6,097,444	70.00%
2015	2013	2,730,788	540,524	332,580	499,885	340,828	4,444,605	194,023	4,219,169	26.89	6,072,260	70.00%
2014	2012	2,722,992	540,182	330,506	474,912	331,580	4,400,172	181,003	4,182,786	26.22	6,027,384	70.00%
2013	2011	2,696,234	534,250	333,912	456,450	333,812	4,354,658	171,872	4,169,071	25.98	5,975,409	70.00%
2012	2010	2,694,389	517,096	328,202	474,571	311,967	4,326,225	157,154	4,304,589	25.22	5,955,816	70.00%
2011	2009	2,820,368	612,189	279,515	441,370	299,597	4,453,039	148,450	4,304,579	24.08	6,149,413	70.00%

Source: Town of Wallingford, Assessor's Office

Notes:

- (1) 2015 real property grand list is adjusted to reflect statutory revaluation
- (2) The Town assesses property at 70% of actual for all types of real and personal property

TABLE 6

**TOWN OF WALLINGFORD, CONNECTICUT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(In Thousands)**

Taxpayer	Nature of Business	Fiscal Year Ended June 30, 2020 for the Grand List of October 1, 2018			Fiscal Year Ended June 30, 2011 for the Grand List of October 1, 2009		
		Taxable Assessed Value	Rank	Percentage of Net Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Net Town Taxable Assessed Value
5 Research Parkway Wallingford LLC	Property Development	32,200	1	0.76%	127,952	1	2.97%
Leigus TEI Equities I LLC	Property Development	30,245	2	0.71%			
Connecticut Light & Power	Utility	28,318	3	0.67%	51,449	2	1.20%
Cellco Partnership	Communications	26,531	4	0.63%	27,856	4	0.65%
Yankee Gas	Utility	25,591	5	0.60%			
Masonic Health Care Center	Retirement Community	22,128	6	0.52%	25,416	5	0.59%
BYK USA Inc	Manufacturer	18,465	7	0.44%			
Wal-Mart Stores	Retail	15,489	8	0.37%	17,610	8	0.41%
Infinity Route 5 Limited Partnership	Car Dealer	15,400	9	0.36%			
666 Foxon Road LLC	Property Development & Management	14,781	10	0.35%			
PPL Energy LLC	Energy Producer				41,446	3	0.96%
Blue Dog Properties Trust	Property Development & Management				22,376	6	0.52%
Workstage-CT Inc.	Property Development & Management				20,152	7	0.47%
Lowes	Retail				16,319	9	0.38%
Cytec Corp	Plastic & Resin Manufacturing				13,315	10	0.31%
		<u>\$ 229,148</u>		<u>5.41%</u>	<u>\$ 363,891</u>		<u>8.46%</u>

Source: Town of Wallingford, Assessor's Office

**TOWN OF WALLINGFORD, CONNECTICUT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(In Thousands)**

Fiscal Year Ended June 30,	Grand List Year	Net Grand List	Mill Rate	Total Tax Levy	Collected Within The Fiscal Year of Levy		Tax Collections In Subsequent Years	Total Collections To Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2020	2018	\$ 4,236,736	29.19	\$ 124,727	\$ 122,804	98.46%	\$	\$ 122,804	98.46%
2019	2017	4,190,956	28.64	121,327	119,545	98.53%	965	120,510	99.33%
2018	2016	4,217,776	28.55	120,824	119,173	98.63%	1,273	120,446	99.69%
2017	2015	4,203,697	27.89	118,055	116,264	98.48%	1,036	117,300	99.36%
2016	2014	4,268,211	27.47	118,027	116,411	98.63%	1,169	117,580	99.62%
2015	2013	4,250,582	26.89	115,054	113,353	98.52%	1,305	114,658	99.66%
2014	2012	4,219,169	26.22	111,148	109,269	98.31%	1,107	110,376	99.31%
2013	2011	4,182,786	25.98	109,079	107,020	98.11%	1,137	108,157	99.15%
2012	2010	4,169,071	25.22	105,608	103,684	98.18%	1,208	104,892	99.32%
2011	2009	4,304,589	24.08	103,940	102,206	98.33%	1,437	103,643	99.71%

Notes:

(1) Total Tax Levy includes Motor Vehicle Supplemental Taxes that are excluded for the Net Taxable Grand List and Assessors Certificates of Change.

TOWN OF WALLINGFORD, CONNECTICUT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Ratio of Total Debt To Net Taxable Assessed Value	Total Debt Per Capita	Ratio of Net General Bonded Debt To Net Taxable Assessed Value	Ratio of Net General Bonded Debt Per Capita
	General Obligation Bonds		Unamortized Bond Premiums	Capital Leases	General Obligation Bonds							
	General Purpose	Schools			Electric	Water	Sewer					
2020	\$ 12,468	\$ 23,837	\$ 1,928	\$	\$ 2,115	\$ 510	\$ 40,858	0.96%	\$ 921	0.90%	\$ 863	
2019	13,800	26,790	2,210		2,340	610	45,750	1.04%	978	0.97%	911	
2018	5,002	22,393	2,116		2,715	710	32,936	0.73%	689	0.65%	612	
2017	5,854	24,996	2,380		3,090	811	37,131	0.81%	778	0.73%	691	
2016	6,711	30,242	2,643		3,450	976	44,022	0.97%	863	0.86%	794	
2015	7,890	21,167	1,462		3,030	1,146	34,695	0.79%	705	0.68%	612	
2014	9,339	23,373	1,598		3,321	1,316	38,947	0.85%	792	0.74%	689	
2013	10,799	25,232	1,733		3,689	1,599	43,052	0.95%	876	0.82%	759	
2012	12,298	27,307	1,868		4,171	1,773	47,417	1.05%	968	0.91%	836	
2011	13,808	30,130		44	4,752	2,093	50,827	1.14%	1,083	0.98%	932	

Note:

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

TOWN OF WALLINGFORD, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2020
(In Thousands)

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Total Tax Collections (including interest and penalties) June 30, 2019					\$ <u>121,737</u>
Debt Limitation:					
2-1/4 times base	\$ 273,908	\$	\$	\$	\$
4-1/2 times base		547,817			
3-3/4 times base			456,514		
3-1/4 times base				395,645	
3 times base					365,211
Total debt limitation	<u>273,908</u>	<u>547,817</u>	<u>456,514</u>	<u>395,645</u>	<u>365,211</u>
Debt as defined by Statute:					
Bonds payable and notes	12,468	23,837			
Bonds authorized and unissued	5,611	4,665			
School building grants		(10,718)			
Total indebtedness	<u>18,079</u>	<u>17,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 255,829</u>	<u>\$ 530,033</u>	<u>\$ 456,514</u>	<u>\$ 395,645</u>	<u>\$ 365,211</u>

Note 1: In no event shall total debt exceed seven times annual receipts from taxation. The maximum amount permitted would be \$852,159.

Note 2: Bonds Payable do not include Water bonds of \$2,340 and Sewer bonds of \$610, which are considered to be self-funding

Note 3: In addition an estimated 49% or \$35,460 of a Town-wide school system renovation authorization totaling \$72,367 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$29,867 leaving a balance of \$5,593 in anticipated grant payments pending state approval of the projects.

Note 4: In addition an estimated 95% or \$26,418 of the Vo-Ag Building Project authorization totaling \$27,808 will be received from the State in the form of proportional progress payments for eligible project costs. Progress payments received to date total \$24,730 leaving a balance of \$1,688 in anticipated grant payments pending state approval of the project.

Note 5: In addition an estimated 50% or \$8,082 of the Eleven School Roof Project authorization totaling \$16,165 will be received from the State in the form of proportional progress payments for eligible construction costs during certain construction phases of the projects. Progress payments received to date total \$4,645 leaving a balance of \$3,437 in anticipated grant payments pending state approval of the project.

TABLE 10

**TOWN OF WALLINGFORD, CONNECTICUT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Debt Limit	\$ 852,159	\$ 849,275	\$ 828,751	\$ 828,842	\$ 835,639	\$ 809,613	\$ 781,151	\$ 763,812	\$ 741,335	\$ 731,549
Total net debt applicable to limit	<u>35,863</u>	<u>35,388</u>	<u>42,466</u>	<u>42,727</u>	<u>48,470</u>	<u>45,579</u>	<u>40,542</u>	<u>43,384</u>	<u>44,655</u>	<u>44,464</u>
Legal Debt Margin	<u>\$ 816,296</u>	<u>\$ 813,887</u>	<u>\$ 786,285</u>	<u>\$ 786,115</u>	<u>\$ 787,169</u>	<u>\$ 764,034</u>	<u>\$ 740,609</u>	<u>\$ 720,428</u>	<u>\$ 696,680</u>	<u>\$ 687,085</u>
Total net debt applicable to the limit as a percentage of debt limit	4.21%	4.17%	5.12%	5.16%	5.80%	5.63%	5.19%	5.68%	6.02%	6.08%

**TOWN OF WALLINGFORD, CONNECTICUT
DEMOGRAPHIC AND EMPLOYMENT STATISTICS
LAST TEN CALENDAR YEARS**

Calendar Year	Population (1)	School Enrollment (2)	Median Household Income (3)	Labor Force		Percentage Unemployed (4)			
				Employed (4)	Unemployed (4)	Town of Wallingford	New Haven Labor Market	State of Connecticut	United States
2019	44,326	5,546	\$ 77,128	24,274	2,324	8.7%	9.3%	10.2%	11.2%
2018	44,535	5,731	77,128	25,793	900	3.4%	3.8%	3.9%	3.8%
2017	44,741	5,893	75,942	25,537	1,052	4.0%	4.5%	4.2%	4.2%
2016	44,660	5,872	75,467	26,017	1,195	4.4%	5.2%	5.1%	4.5%
2015	44,893	5,908	75,467	25,356	1,273	5.0%	5.9%	5.9%	5.1%
2014	45,074	6,120	75,467	23,949	1,574	6.2%	6.9%	6.7%	6.4%
2013	45,141	6,270	72,531	23,219	1,806	7.2%	8.4%	8.2%	7.8%
2012	45,179	6,228	72,531	23,219	1,901	7.5%	8.5%	8.4%	8.3%
2011	45,135	6,293	72,531	23,550	2,055	8.0%	8.8%	8.5%	9.2%
2010	45,182	6,458	72,531	23,801	2,156	8.3%	9.9%	9.6%	9.9%

Total personal income is not available for the Town of Wallingford.

Sources:

- (1) State of Connecticut, Department of Health
- (2) Wallingford Board of Education - Superintendent's Office October 1st Student Count
- (3) Connecticut Economic Resources Council (CERC).
- (4) State of Connecticut, Department of Labor - June 30 year-end figures, not seasonally adjusted.

TABLE 12

**TOWN OF WALLINGFORD, CONNECTICUT
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO**

Business Name	Nature of Business	2020			2011		
		Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Town of Wallingford	Municipality	1,412	1	5.82%	1,282	2	5.39%
Anthem BC/BS	Health Insurer	1,194	2	4.92%			
Masonic Healthcare Center	Healthcare	757	3	3.12%	1,530	1	6.43%
Gaylord Hospital	Medical & Rehabilitation Facility	519	4	2.14%	543	6	2.28%
Community Health Network of CT, Inc.	Nonprofit Managed Care	475	5	1.96%	280	9	1.18%
Choate Rosemary Hall	Private School	299	6	1.23%	271	10	1.14%
Fosdick Fulfillment Corp	Fulfillment	270	7	1.11%			
United Concrete	Concrete Contractor	265	8	1.09%			
Ulbrich Stainless Steels & Specialty Metals	Manufacture Stainless Steel	206	9	0.85%	205	11	0.86%
Thurston Foods	Wholesale Food Distribution	157	10	0.65%	175	12	0.74%
Burns & McDonnell	Engineering & Architecture	148	11	0.61%			
Nucor Steel CT	Rebar & Wire Products	145	12	0.60%	157	13	0.66%
APS Technologies	Manufacture/Design Equipment for Drilling	138	13	0.57%	150	14	0.63%
BYK	Manufacturer of Chemical Additives	131	14	0.54%			
Infra-Metals	Structural Steel Distributor	120	15	0.49%			
Bristol-Myers-Squibb	Pharmaceutical R & D				1,228	3	5.16%
Verizon Wireless	Cellular Wireless Communications				761	4	3.20%
U.S. Postal Service	Mail Distribution and Processing				679	5	2.85%
Quest Diagnostics Inc	Diagnostic Laboratories				414	7	1.74%
Davidson Company	International Wholesale Food Distribution				295	8	1.24%
Cytec Industries	Plastics and Resin Manufacturer				128	15	0.54%
		<u>6,236</u>		<u>25.70%</u>	<u>8,098</u>		<u>34.04%</u>

Source: Town of Wallingford, Office of Economic Development

**TOWN OF WALLINGFORD, CONNECTICUT
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Government:										
General Government	19	19	19	18	19	19	19	19	19	19
Finance	27	28	28	28	29	29	29	29	28	28
Personnel and Pensions	7	7	7	7	7	7	7	7	6	6
Other Services	22	22	26	26	23	23	15	15	15	15
Public Safety:										
Police	98	96	95	95	95	95	95	95	95	98
Fire and EMS	82	72	68	68	68	68	68	68	65	65
Public Works:										
Public Works	45	45	45	45	45	45	45	46	48	48
Engineering	5	5	5	5	4	5	5	6	7	7
Parks and Recreation	5	5	5	5	6	6	6	6	7	7
Board of Education:										
Teachers	586	585	587	588	588	574	575	574	574	587
Administration	37	42	40	31	32	29	29	33	30	30
Custodial and Maintenance	38	41	37	37	37	37	37	37	36	37
Other	312	306	300	304	296	298	305	289	282	283
Total Governmental Activities	<u>1,283</u>	<u>1,273</u>	<u>1,262</u>	<u>1,257</u>	<u>1,249</u>	<u>1,235</u>	<u>1,235</u>	<u>1,224</u>	<u>1,212</u>	<u>1,230</u>
Public Utilities:										
Electric Division	63	63	64	64	63	61	61	61	59	59
Water Division	37	37	37	37	37	37	37	37	38	38
Sewer Division	29	29	29	29	29	29	29	29	29	29
Total Business-Type Activities	<u>129</u>	<u>129</u>	<u>130</u>	<u>130</u>	<u>129</u>	<u>127</u>	<u>127</u>	<u>127</u>	<u>126</u>	<u>126</u>
Total	<u>1,412</u>	<u>1,402</u>	<u>1,392</u>	<u>1,387</u>	<u>1,378</u>	<u>1,362</u>	<u>1,362</u>	<u>1,351</u>	<u>1,338</u>	<u>1,356</u>

Source: Town of Wallingford Departments, Agencies and Divisions

**TOWN OF WALLINGFORD, CONNECTICUT
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Function / Program										
General Government:										
Building permits issued	2,436	2,555	2,218	2,277	2,125	918	899	804	1,096	932
Building inspections conducted	9,744	10,220	8,872	8,617	14,875	8,716	8,091	7,236	8,964	8,388
Public Safety										
Police:										
Physical arrests	1,672	1,851	1,816	2,010	2,214	1,996	1,862	1,960	1,926	1,563
Parking violations	238	348	170	392	399	681	641	544	338	734
Traffic violations	2,136	2,822	2,971	3,124	3,507	4,775	3,615	2,804	3,233	3,235
Fire:										
Emergency responses	6,384	6,674	6,899	6,322	6,484	6,249	6,540	6,109	5,826	5,960
Fires extinguished	122	129	110	106	88	86	178	99	164	102
Inspections	2,357	2,347	2,375	1,752	1,784	1,037	1,579	1,961	1,381	1,550
Public Works:										
Street resurfacing (miles)	6.60	6.25	3.79	4.83	8.48	5.53	4.78	6.80	6.51	3.33
Pothole Tons of Patch	360	300	325	325	350	435	250	260	240	270
Parks and Recreation:										
Athletic field and park permits issued	996	1,141	911	942	815	851	894	878	892	883
Library:										
Holdings in collection print and nonprint	215,323	226,798	232,485	246,864	244,683	235,916	228,310	253,607	246,835	253,808
Total volumes borrowed	488,918	488,918	484,108	501,402	540,065	590,312	622,045	669,997	700,773	703,579
Electric enterprise:										
Miles of Lines	402	402	401	401	400	398	398	398	397	396
Kilowatt Hours-Daily Average(000)	1,574	1,661	1,633	1,679	1,652	1,690	1,701	1,705	1,686	1,653
Water enterprise:										
Water main breaks	20	15	17	16	10	14	17	14	13	15
Average daily production(000)	3.372	3.591	3.609	3.839	3.926	3.631	3.973	4.085	4.285	4.380
Maximum daily production(000)	5.714	5.466	5.940	6.191	6.048	5.920	5.771	6.544	6.887	7.615
Sewer enterprise:										
Average daily sewage treatment(000)	5.292	6.381	5.387	5.020	4.910	5.201	5.358	5.368	5.982	5.849

Source: Town of Wallingford Departments, Agencies and Divisions

**TOWN OF WALLINGFORD, CONNECTICUT
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Vehicles	36	36	36	36	36	36	36	36	35	43
Fire Services:										
Firefighting/rescue vehicles	11	11	11	11	11	11	11	11	11	9
Other vehicles	5	5	5	5	5	5	5	5	5	5
Fire stations	2	2	2	2	2	2	2	2	2	2
Volunteer Fire Services:										
Fire stations	2	2	2	2	2	2	2	2	3	4
Firefighting/rescue vehicles	8	8	8	8	8	8	8	8	8	10
Public Works:										
Street maintenance:										
Dump trucks	30	30	30	30	30	30	30	30	30	30
Sweepers	2	2	2	2	2	2	2	2	2	4
Parks and Cemeteries:										
Parks	18	18	18	18	18	18	18	18	18	18
Cemeteries	1	1	1	1	1	1	1	1	1	1
Mowers	8	8	8	8	8	8	8	8	8	8
Parking lots	9	9	9	9	9	9	9	9	9	9
Health and Social Services:										
Senior center	1	1	1	1	1	1	1	1	1	1
Parks and Recreation:										
Basketball courts - outdoors	8	8	8	8	8	8	8	8	8	8
Football fields - High School	2	2	2	2	2	2	2	2	2	2
Playgrounds	10	10	10	10	10	10	10	10	10	10
Soccer fields	8	8	8	8	8	8	8	8	8	8
Softball fields	15	15	15	15	15	15	15	15	15	15
Hardball fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	17	17	17	17	17	17	17	17	17	17
Education:										
School buildings	12	12	12	12	12	12	12	12	12	12
Administrative buildings	1	1	1	1	1	1	1	1	1	1

Source: Town of Wallingford Departments, Agencies and Divisions