

Town of Hampton, Connecticut

State Compliance Audit

June 30, 2025

Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

Town of Hampton, Connecticut

June 30, 2025

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Stephen T. Hopkins, CPA, PC

Auditing , Accounting , and Consulting Services

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Independent Auditors' Report

Board of Finance
Board of Selectmen
Town of Hampton, Connecticut

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hampton, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Hampton, Connecticut's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hampton, Connecticut, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2026, on our consideration of the Town of Hampton, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Hampton, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Hampton, Connecticut's internal control over financial reporting and compliance.

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
January 30, 2026

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

Our discussion and analysis of the Town of Hampton, Connecticut's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2025. Please read this analysis in conjunction with the basic financial statements, notes to the basic financial statements, and required supplementary information of the Town. This management discussion and analysis is being presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements.

Financial Highlights - Government-Wide Financial Statements

- The Town's total assets exceeded its total liabilities by \$13,198,995 (net position) as of the end of the current fiscal year. This compares to the prior fiscal year when total assets exceeded total liabilities by \$14,245,901. This represents an unfavorable decrease of (\$1,046,906) or approximately 7.35%.
- The Town's net investment in capital assets net position balance is used to account for the total capital assets of the Town reduced by the total accumulated depreciation on those assets, reduced by the total outstanding debt incurred to purchase those assets. The total net investment in capital assets net position balance of the Town was \$7,933,147 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$8,075,186. This represents a decrease of approximately 1.76% which is the result of new long-term debt in the amount of (\$197,359) issued during the current fiscal year, a decrease in the related long-term debt through payments in the amount of \$28,066, current year depreciation in the amount of (\$594,259) and current year capital asset additions in the amount of \$621,513. These current year additions included but were not limited to a non-cash town right to use land lease in the amount of \$183,311, school building and improvement projects in the amount of \$44,850, town pickleball court installation costs in the amount of \$86,562, a town public works truck purchase in the amount of \$48,722 and a town public works John Deere mower purchase in the amount of \$169,417. There were no infrastructure additions during the current fiscal year.
- The Town's restricted net position is used to account for funds received with constraints imposed by grantors and contributors. This net position *cannot* be used to finance the day-to-day activities and operations of the Town. The total restricted net position balance of the Town was \$2,997,995 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$2,981,943. This represents an increase of approximately .54%. This decrease is made up of a number of individual changes in the components of the restricted net position balance which can be seen on the net position comparison section on page 5.
- The Town's unrestricted net position balance is the component of net position which is used to finance the day-to-day activities and operations without constraints imposed by creditors, grantors, contributors, or other rules and regulations as imposed by other governments or enabling legislation. The total unrestricted net position balance of the Town was \$2,267,853 as of the end of the current fiscal year. This compares to the prior fiscal year balance of \$3,188,772. This represents an unfavorable decrease of approximately 28.88%. This relates mostly to the current fiscal year special item which is described below.
- The Town's total revenues for its governmental activities were \$6,938,725, not including the above noted special item, for the current fiscal. This revenue balance includes \$4,401,032 in property tax revenue, \$2,110,547 in operating and capital grants and \$157,913 in charges for services. The current fiscal year revenues compare to prior fiscal year revenues of \$7,715,584, a decrease of approximately 10.07%. In accordance with GASB Statement No. 34, *Financial Statements for Governments*, special items are significant transactions or other events that are either unusual or infrequent and are within the control of management. As more fully described in note 18 of the notes to the financial statements, during the current fiscal year the Town wrote off prior fiscal year personal property taxes in the amount of \$956,116 and the related and previously recorded delinquent interest amounts on these taxes in the amount of \$293,146 resulting in the current fiscal year special item in the amount of (\$1,249,262).
- The cost of the Town's governmental activities was \$6,736,369 for the current fiscal year. The amount of these costs ultimately financed by general revenues of the Town, however, was only \$4,467,909 due to a portion of these costs being paid for by individuals receiving certain benefits through charges for services in the amount of \$157,913, and through operating and capital grants received in the amount of \$2,110,547. This amounts to approximately 66.33% of the cost of these governmental activities actually being financed by general revenues of the Town. The current fiscal year expenditures compare to prior fiscal year expenses of \$6,386,977, an increase of approximately 5.47%. The individual breakdown of how these charges for services and operating and capital grants were received by department is shown in the statement of activities on page 11.
- The Board of Education and the related programs of the Town received approximately \$253,963 in grant dollars from a number of sources including state grant funds and federal pass-through grant funds to assist in a number of educational programs and projects from the school readiness programs to improving basic programs. This compares to \$244,258 being received during the prior fiscal year. General state education cost sharing funds have not been included. These revenue amounts represent the amounts recorded by the Town in the fund financial statements. The amounts shown in the government-wide financial statements have been adjusted for unearned amounts which are recorded as unearned revenues on the statement of net position.

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

Using this Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities which are shown on pages 10 and 11 and which provide information about the activities of the Town as a whole and present a longer-view of the Town's finances. The fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances which are shown on pages 12 and 14 and tell how the services of the Town were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. The fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position which are shown on page 16. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the programs of the Town. Fiduciary funds can be classified as pension or other employee benefit trust funds, investment trust funds, private purpose trust funds and custodial funds. The fiduciary activities of the Town are classified as custodial funds as they relate to the student activity accounts located at the Board of Education.

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 10 with the statement of net position. One of the most important questions asked about the Town's finances is, "Is the Town as a whole better off or worse off as a result of the current fiscal year's activities?" The statement of net position and the statement of activities report information about the Town as a whole and about its activities in a way that helps answer this question. The statement of net position includes all of the assets and liabilities of the Town using the accrual basis of accounting. This basis of accounting is similar to the accounting policies and procedure utilized by most private-sector (for profit) companies. All of the current fiscal year revenues and expenses are taken into account regardless of when cash is received or paid in the statement of activities.

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

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

Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins on page 12 with the balance sheet. The fund financial statements provide detailed information about the most significant funds of the Town but not a combined picture of the Town as a whole. Some of these funds are required to be established by State law or by bond covenants. In addition, the Board of Finance of the Town has the authority to establish other funds to help control and manage money for particular purposes (such as the school lunch fund and town clerk funds) or to show that it is meeting legal responsibilities for using certain taxes, grants, or other money (such as the grant revenue received and expended for school grants). The Town uses governmental funds which are characterized as follows:

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

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

The Town as a Trustee

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

The Town as a Whole - Assets, Liabilities and Net Position

The information provided below represents government-wide information for the governmental activities of the Town for the current fiscal year as compared to the prior fiscal year. The current ratio compares the current assets of the Town to its current liabilities and gives an indication of the Town's ability to pay current obligations. As of the end of the current fiscal year the current ratio of the Town was 4.64 to 1 compared to the end of the prior fiscal year when the current ratio was 8.45 to 1. This current and prior fiscal year ratio is considered very strong. Another indication of the Town's ability to meet its current obligations with current assets is called its working capital. This is calculated by subtracting the current liabilities from the current assets. As of the end of the current fiscal year the Town's positive working capital balance was \$2,138,283. This compares to the prior fiscal year positive balance of \$2,797,004. This represents an unfavorable decrease of approximately 23.55%.

	Governmental activities		Percentage of total	
	2025	2024	2025	2024
Current assets	\$ 2,725,639	\$ 3,172,378	19.43%	21.58%
Other assets	3,169,941	3,421,935	22.60%	23.28%
Capital assets	8,131,630	8,104,376	57.97%	55.14%
Total assets	14,027,210	14,698,689	100.00%	100.00%
Current and other liabilities	587,356	375,374	70.92%	82.90%
Long-term liabilities	240,859	77,414	29.08%	17.10%
Total liabilities	828,215	452,788	100.00%	100.00%
Net position:				
Net investment in capital assets	7,933,147	8,075,186	60.10%	56.68%
Restricted	2,997,995	2,981,943	22.71%	20.93%
Unrestricted	2,267,853	3,188,772	17.19%	22.39%
Total net position	\$ 13,198,995	\$ 14,245,901	100.00%	100.00%
Restricted net position:				
Expendable:				
Restricted contribution funds	\$ 2,632	\$ 3,482		
Enabling legislation related funds	6,327	5,498		
Non-principal portion of permanent and other funds	917	592		
Small cities program funds	2,947,663	2,933,978		
	2,957,539	2,943,550		
Non-expendable:				
Prepaid items	8,833	6,770		
Principal portion of permanent and other funds	31,623	31,623		
	40,456	38,393		
	\$ 2,997,995	\$ 2,981,943		

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

The Town as a Whole - Revenues, Expenses and Changes in Net Position

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

	Governmental activities		Percentage of total	
	2025	2024	2025	2024
Program revenues				
Charges for services	\$ 157,913	\$ 116,669	2.78%	1.51%
Operating grants	2,077,518	1,894,366	36.52%	24.55%
Capital grants	33,029	819,240	0.58%	10.62%
General revenues				
Property taxes, interest, and liens	4,401,032	4,347,495	77.35%	56.35%
State property tax relief revenues	26,992	25,284	0.47%	0.33%
Other unclassified state revenues	45,604	75,589	0.80%	0.98%
Interest income	108,123	105,296	1.90%	1.36%
Miscellaneous	88,514	331,645	1.56%	4.30%
Special items - Note 18	-1,249,262	-	-21.96%	-
Total revenues	5,689,463	7,715,584	100.00%	100.00%
Expenses				
General government	743,544	656,548	11.04%	10.28%
Public safety	358,483	282,125	5.32%	4.42%
Public works	404,751	372,772	6.00%	5.84%
Sanitation and waste	177,215	165,299	2.63%	2.59%
Health and welfare	21,709	24,359	0.32%	0.38%
Education	4,116,661	4,038,436	61.11%	63.23%
Education - on behalf and benefits	575,305	523,188	8.54%	8.19%
General and program	114,853	111,604	1.70%	1.75%
Unclassified	9,189	8,589	0.14%	0.13%
Capital outlay	-	-	-	-
Debt service				
Interest	10,412	1,332	0.15%	0.02%
Depreciation				
General infrastructure	204,247	202,725	3.05%	3.17%
Total expenses	6,736,369	6,386,977	100.00%	100.00%
 Change in net position	 -1,046,906	 1,328,607		
Net position - July 1	14,245,901	12,917,294		
Net position - June 30	\$ 13,198,995	\$ 14,245,901		
 Expenses financed by general revenues.				
Total expenses	\$ 6,736,369	\$ 6,386,977		
Total program revenues	-2,268,460	-2,830,275		
	\$ 4,467,909	\$ 3,556,702	66.33%	55.69%

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

Capital Assets

Capital assets of the Town may include land, land improvements, buildings, building improvements, vehicles, equipment, right to use assets, subscription assets and infrastructure assets used in the operations of the Town and that have an initial useful life extending beyond one year. Infrastructure assets are long-lived capital assets that are normally stationary in nature and can normally be preserved for a significantly greater number of years than most capital assets. The types of infrastructure assets recorded by the Town include but are not limited to improved town roads, unimproved town roads, and bridges. The infrastructure assets shown below include current and prior fiscal year expenses recorded at the actual historical cost or estimated historical cost when actual costs were not available. More detailed information on the capital assets of the Town can be found in note 1J on page 22 and note 5 on page 31.

	Governmental Activities		Percentage of total	
	2025	2024	2025	2024
Land and improvements	\$ 936,485	\$ 936,485	5.28%	5.45%
Right to use assets	220,807	40,457	1.25%	0.24%
Subscription assets	-	35,239	-	0.21%
Buildings and improvements	8,086,957	7,955,545	45.62%	46.31%
Vehicles	2,750,629	2,553,585	15.52%	14.86%
Equipment	908,735	834,132	5.13%	4.86%
Infrastructure and improvements	4,822,225	4,822,225	27.20%	28.07%
Total historical cost	<u>17,725,838</u>	<u>17,177,668</u>	<u>100.00%</u>	<u>100.00%</u>
Less accumulated depreciation	<u>-9,594,208</u>	<u>-9,073,292</u>		
Total capital assets (net)	<u>\$ 8,131,630</u>	<u>\$ 8,104,376</u>		

Debt Administration

The types of long-term debt normally incurred by the town include bonds, notes, right to use leases payable and subscription liabilities and the types of other debt related liabilities of the town include accrued compensated balances (earned vacation and longevity payment balances) in accordance with the established personnel policies of the Town and Board of Education and other post employment benefit liabilities in accordance with generally accepted accounting principles. All long-term debt is incurred through the approval of the inhabitants of the Town in accordance with applicable state statutes. The applicable state debt limitations as set forth in the Connecticut General Statutes, Section 7-374 (b) and the towns outstanding balances in comparison to these limitations can be found in the Schedule of Debt Limitations, Sub-Schedule C on page 60. The comparison of the outstanding debt shown below is reflective of the Town having paid off and retired a right to use lease payable and a subscription liability payable and having entered into two right to use lease payable agreements during the current fiscal year. Both the portion due within one year and the portion due after one year changed as a result of this current fiscal year debt activity. More detailed information on Town debt can be found in note 7 starting on page 32.

	Governmental Activities		Percentage of total	
	2025	2024	2025	2024
Outstanding payables:				
Portion due within one year	\$ 23,002	\$ 13,991	8.72%	15.31%
Portion due after one year	175,481	15,199	66.51%	16.63%
Other liabilities:				
Accrued compensated balances - town	14,717	11,961	5.58%	13.09%
Accrued compensated balances - school	3,000	3,000	1.14%	3.28%
Other post employment benefits	47,661	47,254	18.05%	51.69%
Total debt	<u>\$ 263,861</u>	<u>\$ 91,405</u>	<u>100.00%</u>	<u>100.00%</u>

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

The previous sections of this management discussion and analysis have been presented for the current fiscal year with a focus on the comparative analysis of the information on the governmental activities of the Town as found in the government-wide financial statements. Comparative financial information has not been included for the fund financial statements of the Town. The following financial highlights, however, do relate to the balances and results of the activities of the Town's individual funds as found in its fund financial statements. Detailed current year information on the Town's individual funds can be found on the Balance Sheet on page 12 and the Statement of Revenues, Expenditures and Changes in fund balances on page 14.

Financial Highlights - Fund Financial Statements

- The total assets of the Town's governmental funds exceeded the total liabilities and deferred inflows of resources by \$5,227,351 which represents the fund balance of these funds as of the end of the current fiscal year. This compares to the prior fiscal year fund balance of \$4,860,361, a favorable increase of \$366,990 or approximately 7.55%. This favorable increase is due to the positive results of the general fund of \$574,775, the positive results of the small cities program fund of \$13,685, the negative results of the capital non-recurring fund of (\$250,951) and the positive results of the non-major governmental funds of \$29,481. These increases and decreases can be seen by reviewing Statement D on page 14 and the corresponding combining schedules and sub-schedules as shown in the table of contents.
- The total revenues of the Town's governmental funds were \$6,382,852, not including on behalf education revenues, for the current fiscal year in comparison to \$6,279,529 during the prior fiscal year, an increase of approximately 1.65%. This revenue balance includes property tax revenues of \$4,398,954 and intergovernmental revenues of \$1,628,248, not including on behalf education revenues. The amount of property tax revenues recognized by the Town increased by \$526,080 from the prior fiscal year due in part to a slightly higher than expected collection rate and an increase in the actual tax commitment which increased from \$4,306,705 during the prior fiscal year to \$4,609,260 in the current fiscal year.
- The total expenditures of the Town's governmental funds were \$6,213,221, not including on behalf education expenditures, for the current fiscal year in comparison to \$6,587,582 during the prior fiscal year, a decrease of approximately 5.68%. This expenditure balance includes education expenditures of \$3,940,855 for elementary and secondary education programs. This expenditure balance also includes non-cash right to use purchases of \$197,359 and capital outlay expenditures of \$396,680 which included school building and improvement projects in the amount of \$44,850, town pickleball court installation costs in the amount of \$86,562, a town public works truck purchase in the amount of \$48,722 and a town public works John Deere mower purchase in the amount of \$169,417. There were no infrastructure additions during the current fiscal year.
- The net change in fund balance (excess or deficiency of revenues over-under expenditures) for the Town's general fund was a positive \$574,775 for the current fiscal year in comparison to a negative (\$95,144) for the prior fiscal year. This represents a favorable increase relating in part to the following selected current and prior fiscal year budgetary highlights. See the budget to actual required supplementary information shown on pages 45 through 47 for more detailed information on actual revenues and expenditures in comparison to the budgeted amounts.
- The actual revenues received in the Town's general fund were \$284,010 higher than the budget revenues for the current fiscal year which is a favorable variance. This "over collection" of budgeted revenues relates to a number of budgeted revenue categories. Property tax revenue was \$195,374 over the budgeted amount while intergovernmental other revenue was \$8,150 over the budgeted amount. Charges for services revenue was \$38,149 over the budgeted amount, interest income was \$22,615 over the budgeted amount and miscellaneous revenue was \$19,928 over the budgeted amount. This compares to an over collection of revenues during the prior fiscal year of \$43,996 which was also a favorable variance. The actual program expenditures in the Town's general fund were \$354,710 lower than the budgeted expenditures for the current fiscal year which is a favorable variance in comparison to \$151,449 lower during the prior fiscal year which was also a favorable variance. This under expenditure was due in large part to the paving account which was under-expended by \$220,000, the road maintenance account which was under-expended by \$29,062 and the elementary education account which was under-expended by \$102,285 with \$43,592 of this surplus being transferred to the school capital non-recurring fund in accordance with state statute section 10-248a and the remaining \$58,693 remaining in the general fund.
- In the current fiscal year, the Town approved the use of \$75,548 of its unassigned general fund balance. This included \$70,000 for the capital non-recurring fund approved by referendum on June 27, 2024 for the purchase of a public works vehicle in the amount of \$30,000 and for school building and improvement projects in the amount of \$40,000 and \$5,548 for current fiscal year budget over expenditure transfers approved by special town meeting on October 6, 2025. This is in effect the same as budgeting for a loss due to the fact that prior year accumulated balances cannot be shown as current year revenues. The town approved the use of \$454,433 of its unassigned general fund balance during the prior fiscal year.

Town of Hampton, Connecticut
Management's Discussion and Analysis
June 30, 2025

Economic Factors and Next Year's Budgets and Rates

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

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which may affect the amount of intergovernmental revenues the Town will receive in the upcoming 2026 fiscal year and thereafter.
- The State imposes a cap on municipal spending to limit the budgeted expenditures to 2.50% above the previous year, or the rate of inflation, whichever is greater. The cap includes certain exemptions relating to increases in debt service, special education costs, claims and judgments and costs incurred related to major disaster or emergency declarations. Municipalities that increase their adopted budget expenditures over the previous fiscal year by an amount that exceeds the cap may receive a reduced municipal revenue sharing grant.
- The State has established a minimum budget requirement ("MBR") for budgeted education expenditures. The MBR prohibits towns from budgeting less for education than it did in the previous year unless, and within limits, the Town can demonstrate a decrease in school enrollment or savings through increased efficiencies. Any increases or decreases that the Town receives in its Education Cost Sharing grant will result in a corresponding increase or decrease in the Town's MBR.
- The potential impact of unforeseen circumstances on the local economy, businesses and Town revenues is being continually monitored. For the current fiscal year, there were no specifically related and identifiable negative or positive impacts on income from investments, building permits, recording fees and conveyance taxes. The Town did not see any specifically related and identifiable impact on tax collections for the current fiscal year and there is no indication that there will be an impact on the upcoming 2026 fiscal year collections.

All of these factors were considered in preparing the Town's 2026 fiscal year budget. The total town appropriation for the 2026 fiscal year of \$6,010,567 was approved by referendum on June 27, 2025. This represents a total increase of approximately 5.29% from the approved fiscal year 2025 total town appropriation of \$5,708,337. In taking into consideration the above mentioned exemptions to the cap on municipal spending limit, the approved fiscal year 2026 budget represents an increase of approximately 6.00% from the approved fiscal year 2025 budget. This budget increase is above the State allowed percentage increase of the larger of 2.50% or the determined rate of inflation of 3.31%.

In relation to State municipal revenue sharing grants, subsection (f) of Chapter 50 Section 4-66l of the Connecticut General Statutes established a municipal spending expenditure cap. The amount of this grant payable to a municipality shall be reduced if a municipality increases its adopted budget expenditures for a fiscal year above a cap equal to the amount of adopted budget expenditures authorized for the previous fiscal year by 2.50% or more or the rate of inflation, whichever is greater. Such reduction shall be in an amount equal to fifty cents for every dollar expended over the cap. However, in accordance with State of Connecticut Public Act 25-3 as approved April 10, 2025, for the fiscal year ending June 30, 2026 any municipal revenue sharing grant to be received by the Town in accordance with the above mentioned chapter, section and subsection of the Connecticut General Statutes shall not be reduced if the Town's municipal expenditures increase above the aforementioned rate of inflation of 3.31%.

Contacting the Town's Financial Management

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

Town of Hampton, Connecticut
Statement of Net Position
June 30, 2025

	Governmental activities
Assets	
Cash and cash equivalents	\$ 794,798
Investments	1,741,597
Restricted cash and cash equivalents	844,526
Restricted investments	30,438
Receivables, net:	
Property taxes	168,126
Interest on property taxes	63,529
Intergovernmental	1,314
Accounts	3,134
Tax acquired property	7,837
Prepaid items	8,833
Notes receivable	2,231,448
Capital assets, non-depreciable	936,485
Capital assets, net	7,195,145
Total assets	<u>14,027,210</u>
Liabilities	
Accounts payable	300,838
Accrued payroll	125,658
Internal balances	2,034
Other liabilities	18,574
Unearned revenues	117,250
Long-term debt	
Portion due within one year	23,002
Portion due after one year	175,481
Accrued compensated balances	17,717
Total OPEB liability	47,661
Total liabilities	<u>828,215</u>
Net Position	
Net Investment in capital assets	7,933,147
Restricted	
Expendable	2,957,539
Non-expendable	40,456
Unrestricted	2,267,853
Total net position	<u>\$ 13,198,995</u>

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Statement of Activities
For the year ended June 30, 2025

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Balance Sheet - Governmental Funds
June 30, 2025

	General fund	Small cities program fund	Capital & nonrecurring fund	Non-major governmental funds	Total governmental funds
Assets					
Cash	\$ 852,408	\$ 716,215	\$ 41,553	\$ 29,148	\$ 1,639,324
Investments	1,338,354	-	403,243	30,438	1,772,035
Receivables (net of allowance)					
Property taxes	168,126	-	-	-	168,126
Intergovernmental	1,314	-	-	-	1,314
Other	3,134	-	-	-	3,134
Tax acquired property	7,837	-	-	-	7,837
Notes receivable	-	2,231,448	-	-	2,231,448
Prepaid items	8,833	-	-	-	8,833
Due from other funds	7,102	-	43,679	150,296	201,077
Total assets	<u>\$ 2,387,108</u>	<u>\$ 2,947,663</u>	<u>\$ 488,475</u>	<u>\$ 209,882</u>	<u>\$ 6,033,128</u>
Liabilities					
Accounts payable	\$ 108,623	\$ -	\$ 173,156	\$ 19,059	\$ 300,838
Accrued payroll	111,080	-	-	14,578	125,658
Other liabilities	18,574	-	-	-	18,574
Due to fiduciary funds	345	-	-	1,689	2,034
Due to other funds	187,764	-	6,211	7,102	201,077
Total liabilities	<u>426,386</u>	<u>-</u>	<u>179,367</u>	<u>42,428</u>	<u>648,181</u>
Deferred inflows of resources					
Unavailable revenue					
Property taxes	157,596	-	-	-	157,596
Fund balances					
Nonspendable	8,833	-	-	31,623	40,456
Restricted	-	2,947,663	-	148,930	3,096,593
Committed	227,400	-	450,585	-	677,985
Assigned	30,390	-	-	22,090	52,480
Unassigned	1,536,503	-	-141,477	-35,189	1,359,837
Total fund balances	<u>1,803,126</u>	<u>2,947,663</u>	<u>309,108</u>	<u>167,454</u>	<u>5,227,351</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,387,108</u>	<u>\$ 2,947,663</u>	<u>\$ 488,475</u>	<u>\$ 209,882</u>	<u>\$ 6,033,128</u>

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Reconciliation of Statement C to Statement A
for all Governmental Funds and Activities
June 30, 2025

Fund balances of governmental funds as shown on Statement C		\$ 5,227,351
Amounts reported for governmental activities in the government-wide financial statements (Statement A) differ from the amounts reported in the fund financial statements (Statement C):		
1 Capital assets used in governmental activities are not financial resources and are not reported on Statement C however they are reported on Statement A and must be added in:		
Cost	17,725,838	
Less accumulated depreciation	<u>-9,594,208</u>	8,131,630
2 The majority of the property tax receivable long-term asset is not available to pay for current period expenditures and therefore it is reported as deferred inflows of resources on Statement C however this amount is considered earned when billed and in turn recorded as revenue on Statement A and therefore must be added back in:		157,596
3 Certain grant revenues received by the Town are recorded as revenue when the amounts are available and measurable in the fund financial statements on the modified accrual basis of accounting. However, the government-wide financial statements record revenues when they have been earned on the accrual basis of accounting and therefore these revenue amounts are deferred on Statement A and therefore must be subtracted out:		-117,250
4 Interfund receivable and payable balances between governmental funds are reported on Statement C but eliminated on the Statement A:		
Interfund receivables	201,077	
Interfund payables	<u>-201,077</u>	-
5 Long-term liabilities, are not due and payable in the current period and therefore are not reported on Statement C however they are reported on Statement A and must therefore be subtracted out:		
Right to use leases payable	-198,483	
Subscription liability payable	-	
Accrued compensated balances	-17,717	
Other post-employment benefits liability	<u>-47,661</u>	-263,861
6 Delinquent interest and lien fees are recorded as revenue when received and when they become available and measurable however these amounts are recorded on Statement A due to the fact that the amounts are viewed to have been earned and therefore they must be added back in. These interest and fees apply to active tax receivable balances and do not include suspense related balances.		<u>63,529</u>
Net position of governmental activities as shown on Statement A		<u><u>\$ 13,198,995</u></u>

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the year ended June 30, 2025

	General fund	Small cities program fund	Capital & nonrecurring fund	Non-major governmental funds	Total governmental funds
Revenues					
Property tax revenues	\$ 4,398,954	\$ -	\$ -	\$ -	\$ 4,398,954
Intergovernmental - education	1,058,408	-	-	253,963	1,312,371
Intergovernmental - on behalf	264,383	-	-	-	264,383
Intergovernmental - tax relief	26,992	-	-	-	26,992
Intergovernmental - other	236,951	-	-	51,934	288,885
Charges for services	127,299	-	792	29,822	157,913
Interest income	69,615	15,301	22,001	1,206	108,123
Miscellaneous	74,128	-	-	15,486	89,614
Total revenues	6,256,730	15,301	22,793	352,411	6,647,235
Expenditures					
Current:					
General government	639,163	1,616	39,231	14,654	694,664
Public safety	316,382	-	464	13,495	330,341
Public works	304,921	-	-	16,300	321,221
Sanitation and waste	186,350	-	-	-	186,350
Health and welfare	21,709	-	-	-	21,709
Education	3,651,291	-	-	289,564	3,940,855
Education - on behalf	264,383	-	-	-	264,383
General and program	106,715	-	-	8,138	114,853
Unclassified	9,189	-	-	-	9,189
Capital outlay	-	-	363,651	33,029	396,680
Non-cash right to use purchase	197,359	-	-	-	197,359
Debt service:					
Principle	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	5,697,462	1,616	403,346	375,180	6,477,604
Excess (deficiency) of revenues over (under) expenditures	559,268	13,685	-380,553	-22,769	169,631
Other financing sources (uses)					
Non-cash right to use proceeds	197,359	-	-	-	197,359
Transfers in	-	-	188,365	52,250	240,615
Transfers out	-181,852	-	-58,763	-	-240,615
Total other financing sources (uses)	15,507	-	129,602	52,250	197,359
Net change in fund balance	574,775	13,685	-250,951	29,481	366,990
Fund balance - July 1	1,228,351	2,933,978	560,059	137,973	4,860,361
Fund balance - June 30	<u>\$ 1,803,126</u>	<u>\$ 2,947,663</u>	<u>\$ 309,108</u>	<u>\$ 167,454</u>	<u>\$ 5,227,351</u>

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Reconciliation of Statement D to Statement B
for all Governmental Funds and Activities
For the year ended June 30, 2025

Net changes in governmental fund balances as shown on Statement D \$ 366,990

Amounts reported for governmental activities in the government-wide financial statements (Statement B) differ from the amounts reported in the fund financial statements (Statement D):

1	Capital asset purchases are recorded as expenditures in Statement D and are capitalized and shown as depreciation expense over their estimated useful lives in Statement B:		
	Current year capital asset purchases to be capitalized	621,513	
	Current year depreciation expense on current and previous capital assets	<u>-594,259</u>	27,254
2	Property tax revenues are recognized on Statement D as described in note 1F of the notes to the financial statements however property tax revenues are recorded in the full amount of the annual levy in Statement B and therefore the current year adjustment described in note 1F must be added back in or subtracted back out:		
	Current fiscal year adjustment	-3,575	
	Special items related to tax principal - Note 18	-956,116	
	Special items related to tax interest - Note 18	<u>-293,146</u>	-1,252,837
3	The basis of presentation and revenue recognition is different from the government-wide financial statements shown on Statement B and the fund financial statements shown on Statement D. This difference in revenue recognition policies results in certain revenue amounts being recognized in Statement D and being recorded as unearned in Statement B:		
	Prior year unearned revenue amounts to be recognized	95,740	
	Current year revenue amounts to be recorded as unearned	<u>-117,250</u>	-21,510
4	Interfund transfers between governmental funds are reported on Statement D but must be eliminated on Statement B:		
	Transfers in	240,615	
	Transfers out	<u>-240,615</u>	-
5	Payments on and changes in long-term liabilities are recorded as current year activities on Statement D however they are shown as increases or decreases in liability accounts in the government-wide financial statements and therefore must be adjusted accordingly:		
	Right to use lease payable proceeds	-197,359	
	Right to use leases payable principal repayment	21,566	
	Subscription liability principal repayment	6,500	
	Accrued compensated balances increase	-2,756	
	Other post-employment benefit liability increase	<u>-407</u>	-172,456
6	Estimated accounts receivable for delinquent interest and lien fees are recorded as revenue when received on Statement D and as a reduction in a recorded receivable on Statement B and therefore must not be shown as current activity:		
	Prior year recorded delinquent interest and lien receivable balance	-57,876	
	Current year recorded delinquent interest and lien receivable balance	<u>63,529</u>	5,653

Change in net position of governmental activities as shown on Statement B \$ -1,046,906

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Statement of Fiduciary Net Position and Statement of Changes
in Fiduciary Net Position - Fiduciary Funds
As of and for the year ended June 30, 2025

	Custodial funds
Assets	
Cash	\$ 8,255
Investments	-
Accounts receivable	-
Due from other funds	2,034
Total assets	<u>10,289</u>
Liabilities	
Accounts payable	-
Accrued payroll	-
Other liabilities	-
Due to other funds	-
Total liabilities	<u>-</u>
Net position	
Restricted	
Expendable	10,289
Non-expendable	-
Unrestricted	-
Total net position	<u>10,289</u>
Total liabilities and net position	<u>\$ 10,289</u>
Additions	
Collections for student groups/activities	\$ 3,492
Collections for other groups	8,285
Interest income	-
Miscellaneous	-
Total additions	<u>11,777</u>
Deductions	
Payments for student groups/activities	1,404
Payments for other groups	5,728
Capital expenditures	-
Miscellaneous	-
Total deductions	<u>7,132</u>
Change in net position	4,645
Net position - July 1	<u>5,644</u>
Net position - June 30	<u>\$ 10,289</u>

See the accompanying notes to the financial statements.

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

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

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The Town has specifically evaluated its relationship with the Hampton Fire Company (the Company), a legally separate entity, to determine if the entity should be considered a component unit of the Town. The Town does not appoint a voting majority of the governing board of the Company and therefore it is not financially accountable for the Company in relation to meeting that criteria for inclusion as a component unit. The Town would still be considered financially accountable for the Company if it were determined that the Company is fiscally dependent on the Town and there is a potential for the Company to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Company would be considered fiscally independent if it has the authority to (1) determine its budget without another government having the authority to approve and modify that budget and (2) levy taxes or set rates or charges without approval by another government and (3) issue bonded debt without approval by another government. The Town does not have the authority to approve or modify the budget of the Company but rather simply has the authority to approve or modify the amount of the requested appropriation from the Town to the Company. As a result, the Company does not meet this fiscal dependency criteria for inclusion as a component unit. The final determination as to whether the Company should be considered a component unit of the Town relates to management's professional judgement as to whether the exclusion of the financial information relating to the Company would result in the financial statements of the Town being misleading. The financial statements of the Town currently include the annual appropriation made to the Company in the amount of \$93,550 and the costs, capitalized assets and debt related to the purchase of major fire fighting equipment when present. In evaluating these items, the management of the Town has determined that the exclusion of the financial information of the Company would not result in the financial statements of the Town being misleading and as a result the Company would not meet this criteria for being included as a component unit and as such is not considered to be a component unit of the Town.

The Town has also specifically evaluated its relationship with the Fletcher Memorial Library (the Library), a legally separate entity, to determine if the entity should be considered a component unit of the Town. The Town does not appoint a voting majority of the governing board of the Library and therefore it is not financially accountable for the Library in relation to meeting that criteria for inclusion as a component unit. The Town would still be considered financially accountable for the Library if it were determined that the Library is fiscally dependent on the Town and there is a potential for the Library to provide specific financial benefits to, or impose specific financial burdens on, the Town. The Library would be considered fiscally independent if it has the authority to (1) determine its budget without another government having the authority to approve and modify that budget and (2) levy taxes or set rates or charges without approval by another government and (3) issue bonded debt without approval by another

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

government. The Town does not have the authority to approve or modify the budget of the Library but rather simply has the authority to approve or modify the amount of the requested appropriation from the Town to the Library. As a result, the Library does not meet this fiscal dependency criteria for inclusion as a component unit. The final determination as to whether the Library should be considered a component unit of the Town relates to management's professional judgement as to whether the exclusion of the financial information relating to the Library would result in the financial statements of the Town being misleading. The financial statements of the Town currently include the annual appropriation made to the Library in the amount of \$35,430. In evaluating these items, the management of the Town has determined that the exclusion of the financial information of the Library would not result in the financial statements of the Town being misleading and as a result the Library would not meet this criteria for being included as a component unit and as such is not considered to be a component unit of the Town.

B. Government-Wide Financial Statements

1. Basis of Presentation

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

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

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

2. Measurement Focus and Basis of Accounting

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

C. Fund Financial Statements

1. Basis of Presentation

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

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

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

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

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

The balance sheet is used to report information about the current financial resources (assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balances) of each major governmental fund and for all non-major governmental funds in the aggregate. The fund balance amounts within the governmental funds are segregated between nonspendable, restricted, committed, assigned and unassigned amounts. These balances are shown on the face of the balance sheet in the aggregate but are broken out into the required detail in note 1R on pages 25 and 26. An accompanying schedule is also required to be completed to reconcile the total governmental fund balance to the total net position balance of the governmental activities of the Town as shown on the government-wide statement of net position.

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

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

2. Measurement Focus and Basis of Accounting

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

D. Deposits and Investments

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

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

E. Receivables & Allowance for Doubtful Accounts

All active property tax, intergovernmental and other receivables are reported net of any allowance for doubtful accounts. The current year fund financial statement accounts receivable balances include active property tax principal amounts of \$168,126, intergovernmental amounts due on state, federal and other grant and award agreements as well as other intergovernmental agreements of \$1,314 and other miscellaneous receivable amounts of \$3,134. The other miscellaneous receivable balance is made up of a field lease agreement in the amount of \$2,000, transfer station recycling amounts of \$920 and amounts due from a tax collection service in the amount of \$214. The current year government-wide financial statements include all of the above mentioned receivable types in addition to accumulated delinquent interest and fees on the active property tax principal amounts. The current year delinquent interest receivable balance is \$63,529. Suspense property tax receivable principal and delinquent interest balances are not included in the financial statements. The Town will book an unbilled receivable in situations when a grant or contract has incurred expenditures which will be reimbursed by a funding source but which have not yet been fully received in cash for the amount incurred. The current fiscal year intergovernmental receivable balance above does not include any unbilled receivable amounts. The current allowance for doubtful accounts in relation to the above mentioned accounts receivable balances was estimated to be \$0. The Town considers past experience with receivable balance collections and current aging report details when determining its calculation for an allowance for doubtful accounts. Receivables are only written off once it has been determined that all other methods of collection have been utilized without success.

F. Revenue Recognition - Property Taxes

The Town's property tax for the current year was levied June 15, 2024 on the grand list as of October 1, 2023, for the real, motor vehicle and personal property located in the Town at a rate of 24.24 mills. Real estate, personal property and motor vehicle taxes were due on August 1, 2024 and January 1, 2025. Supplemental motor vehicle taxes were due on January 1, 2025. Interest on unpaid taxes commenced 30 days after the aforementioned due dates, at 18% per annum or 1.50% per month. In the fund financial statements, property tax revenues are recorded in the amount of the annual property tax assessment with an adjustment for the amount of principal expected to be collected within the first sixty days after the end of the current fiscal year. In the government-wide financial statements, only the current year principal assessment is recorded as revenue.

G. Tax Acquired Property

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

H. Inventories

In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used which is in accordance with the consumption method. On the fund financial statements, inventories are presented at cost on a first-in, first-out basis and are recorded as expenditures when used. The Town does not currently have any material and reported inventory amounts.

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I. Prepaid Items

Payments made to vendors for goods and services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expense-expenditure in the subsequent year (s) in which the goods or services are consumed. Expenditures relatively minor in nature for insurance and similar services extending over more than one accounting period need not be allocated between or among accounting periods, but may be accounted for as expenditures of the period of acquisition. The Town generally considers relatively minor in nature to include aggregated similar items not exceeding \$2,500. Payments made to vendors for goods and services that will only benefit periods beyond the end of the fiscal year which are related to grants are recorded as prepaid items regardless of the dollar amount. The general fund has prepaid items of \$8,833 which are made up of school service contracts, dues and membership billings for the upcoming fiscal year in the amount of \$8,796 and miscellaneous town amounts of \$37.

J. Capital Assets

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

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

K. Leases and Right to Use Lease Assets

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

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

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

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

L. Subscription Liabilities and Right to Use Subscription Assets

The Town may at times enter into Subscription Based Information Technology Arrangements (SBITA's). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under these SBITA agreements, the Town recognizes a subscription liability and an intangible right to use subscription asset (subscription asset) in the applicable governmental activities and business-type activities in the government wide financial statements and in the proprietary fund financial statements (when present). The Town generally recognizes subscription liabilities with an initial, individual value of \$5,000 or more though subscription liabilities are considered individually and in the aggregate.

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

The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the agreement commencement date, plus certain initial direct costs. The subscription asset is amortized on a straight line basis over the shorter of the agreement term or the estimated useful life of the underlying asset.

The Town monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the subscription asset and liability if certain changes occur that individually or in the aggregate are expected to significantly affect the amount of the subscription liability. Examples of changes that may occur to a SBITA that may result in the need for a remeasurement of the subscription liability would include a change in the agreement term and a change in the interest rate the vendor charges the Town.

M. Unearned Revenue and Deferred Inflows and Outflows of Resources

In the government-wide financial statements, revenue amounts which have been received in cash but not yet earned or recognized are recorded as unearned revenue in accordance with the accrual basis of accounting. The current fiscal year unearned revenue balance of the governmental activities totaled \$117,250 which is made up of unearned education grant balances of \$34,720 and unearned town grant balances of \$82,530. In the fund financial statements, revenues are recognized when they are both measurable and available to pay current liabilities in accordance with the modified accrual basis of accounting. In the fund financial statements, for government-mandated non-exchange transactions as well as voluntary non-exchange transactions which would include certain governmental grants received by the Town, revenues are recognized in the period when all applicable eligibility requirements have been met and when the resources are available. For grant agreements, once the Town has received the funds and is within the allowable spending period all applicable eligibility requirements are deemed to have been met at which time the purpose restrictions related to how the grant funds need to be spent become applicable. Any grant revenues which have been recognized because the Town has met all the applicable eligibility requirements but for which they have not yet met all of the purpose restrictions associated with the grant agreement are recorded as restricted fund balance amounts at the end of the fiscal year. The Town did not have any unearned revenue balances within the fund financial statements at the end of the current fiscal year.

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In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period (s) and so will not be recognized as an outflow of resources (expense) until that time. The governmental activities of the Town do not currently have any deferred outflows of resources items or amounts recorded on the statement of net position.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental activities of the Town do not currently have any deferred inflows of resources items or amounts recorded on the statement of net position. The governmental funds of the Town currently report on the balance sheet unavailable revenue from property taxes which is calculated when considering the amount of property taxes receivable not expected to be received within the first 60 days after the fiscal year end in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The current fiscal year deferred inflow of resources balance relating to these property taxes receivable is \$157,596.

N. Interfund Receivables and Payables

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

O. Accounts Payable, Accrued Payroll and Other Liabilities

The accounts payable balance of the Town is used to account for the expenses or expenditures related to invoices for the current fiscal year which have been received but which have not yet been paid. Under both the accrual and modified accrual basis of accounting expenses and expenditures are recorded when they are incurred. The accrued payroll balance is made up of amounts earned through hours worked prior to the end of the fiscal year which were not physically paid until after the end of the fiscal year. The other liabilities balance as shown on both the government-wide and fund financial statements of \$18,574 is made up of maintenance and driveway bonds of \$11,040 which have been received but not yet fulfilled and thus not yet returned and school payroll withholding amounts not yet remitted of \$7,534.

P. Long-Term Obligations and Related Costs

Long-term debt and other long-term obligations are reported as liabilities on the governmental-wide statement of net position. Bond premiums and discounts are capitalized and amortized over the life of the bonds using the straight line method. The unamortized portion is presented in the government-wide statement of net position as a component of bonds payable. Bond issuance costs are reported as expenses when incurred. The fund financial statements recognize bond premiums and discounts, as well as bond issuance costs, during the period incurred. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Encumbrance Accounting

In the fund financial statements, encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of the materials or services. For budgetary purposes, appropriations lapse at fiscal year-end. The Town of Hampton does utilize encumbrance accounting. Outstanding encumbrances represent assigned fund balance as the related expenditures have not yet flowed down to and reduced fund balance. As of June 30, 2025, the assigned general fund balance as shown on the balance sheet relating to outstanding town encumbrances totaled \$0 and to outstanding school general fund encumbrances totaled \$24,610.

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R. Fund Balance Classification Policies and Procedures

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

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

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The Town does not have an established policy relating to the use of unrestricted fund balance amounts as it relates to when it considers committed, assigned or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of these three unrestricted classifications could be used. Absent of an established policy which addresses this situation, accounting guidance states that it should consider that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts. In addition, restricted fund balance amounts are considered to have been spent prior to unrestricted amounts under the same circumstances. The following table is designed to provide more detailed information regarding the aggregated fund balance classifications which are included on the balance sheet. Additional information on individual fund balance classifications can be found in the individual combining fund schedules starting on page 51.

	General fund	Small cities program fund	Capital & nonrecurring fund	Non-major governmental funds	Total governmental funds
Fund balances:					
Nonspendable:					
Prepaid items	\$ 8,833	\$ -	\$ -	\$ -	\$ 8,833
Permanent fund principal	-	-	-	6,623	6,623
Other fund principal	-	-	-	25,000	25,000
	<u>8,833</u>	<u>-</u>	<u>-</u>	<u>31,623</u>	<u>40,456</u>
Restricted:					
Program income fund	-	2,947,663	-	-	2,947,663
Town grants	-	-	-	82,530	82,530
Other town programs	-	-	-	21,804	21,804
Educational grants	-	-	-	34,720	34,720
Contribution funds	-	-	-	2,632	2,632
Enabling legislation funds	-	-	-	6,327	6,327
Permanent fund non-principal amounts	-	-	-	229	229
Other fund non-principal amounts	-	-	-	688	688
	<u>-</u>	<u>2,947,663</u>	<u>-</u>	<u>148,930</u>	<u>3,096,593</u>
Committed:					
Unassigned fund balance approved for for use during upcoming fiscal year	227,400	-	-	-	227,400
Town hall reserve fund	-	-	196,989	-	196,989
Revaluation fund	-	-	2,645	-	2,645
Open space fund	-	-	94,320	-	94,320
Land acquisition fund	-	-	50,005	-	50,005
School capital fund original 10-248a	-	-	56,208	-	56,208
School capital fund amended 10-248a	-	-	50,418	-	50,418
	<u>227,400</u>	<u>-</u>	<u>450,585</u>	<u>-</u>	<u>677,985</u>
Assigned:					
School lunch program	-	-	-	16,996	16,996
Town activity funds	-	-	-	3,759	3,759
School activity funds	-	-	-	1,335	1,335
School encumbrances	24,610	-	-	-	24,610
Youth sports funds	5,780	-	-	-	5,780
	<u>30,390</u>	<u>-</u>	<u>-</u>	<u>22,090</u>	<u>52,480</u>
Unassigned					
General fund	1,536,503	-	-	-	1,536,503
Unallocated balances	-	-	22,001	-	22,001
General trucks and equipment	-	-	-163,478	-	-163,478
Town grants and programs	-	-	-	-16,260	-16,260
Education grants and programs	-	-	-	-18,929	-18,929
	<u>1,536,503</u>	<u>-</u>	<u>-141,477</u>	<u>-35,189</u>	<u>1,359,837</u>
Total fund balances	<u>\$ 1,803,126</u>	<u>\$ 2,947,663</u>	<u>\$ 309,108</u>	<u>\$ 167,454</u>	<u>\$ 5,227,351</u>

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

S. Major Funds

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

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

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

- d. Small cities program fund - This fund is used to account for and report the proceeds and activity of housing rehabilitation Community Development Block Grants received from the U.S. Department of Housing and Urban Development. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds. Each resident receiving benefits under these grants is required to sign a deferred promissory note. The Town does not currently have any active grants in relation to this program and is currently using this major fund to account for the outstanding deferred promissory notes and program income funds which result from the repayment of these notes.
- e. Capital & non-recurring fund - This fund is used to account for financial resources to be used by the Town to purchase or construct capital assets or projects and other non-recurring expenditures. The capital assets purchased through this fund are usually more costly than those purchased and accounted for within other funds, functions, and departments. The activities within this fund are financed through annual appropriations as approved as part of the annual budget and through other miscellaneous grants, revenues and transfers.

T. Budget

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

- a. Early in the second half of the last fiscal year the Town's selectmen, departments, boards and commissions submitted budget requests for the year beginning July 1. The operating budgets include proposed expenditures and the means of financing them.
- b. Hearings are then held for the submitted budget requests by functions: (1) Selectmen's budget, (2) departments, (3) boards and commissions, (4) capital and nonrecurring requests and (5) Board of Education.
- c. A meeting of the inhabitants of the Town is then called for the purpose of adopting the proposed budget after public notice of the meeting had been given. The current fiscal year budget was approved by referendum on June 27, 2024.

Town of Hampton, Connecticut
Notes to the Financial Statements
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The following is a reconciliation of the GAAP basis - Statement D and Budgetary basis - RSI-1 reported revenues, expenditures and changes in fund balances for the general fund as of June 30, 2025.

Town general fund	Revenues	Expenditures	Other financing sources (uses)	Net change in fund balance
GAAP basis - Statement D	\$ 6,256,730	\$ -5,697,462	\$ 15,507	\$ 574,775
Current fiscal year encumbrances	-	-24,610	-	-24,610
Prior fiscal year encumbrances	-	5,640	-	5,640
Non-cash right to use lease activity	-	197,359	-197,359	-
State on-behalf benefits related to pensions	-260,733	260,733	-	-
State on-behalf benefits related to OPEB	-3,650	3,650	-	-
Budgetary basis - RSI-1	<u>\$ 5,992,347</u>	<u>\$ -5,254,690</u>	<u>\$ -181,852</u>	<u>\$ 555,805</u>

U. Estimates

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

Note 2 - Restricted Cash and Investments

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

	Restricted cash	Restricted investments
Small cities program funds	\$ 716,215	\$ -
Restricted contribution funds	2,632	-
Enabling legislation related funds	6,327	-
Unearned state, federal, and other grant program balances	117,250	-
Non-major permanent and other funds	2,102	30,438
	<u>\$ 844,526</u>	<u>\$ 30,438</u>

Note 3 - Deposits and Investments

The deposit of public funds is controlled by the Connecticut General Statutes Section 7-402. Deposits may be made in a qualified public depository as defined by the statute or, in amounts not exceeding FDIC insurance limits, in an out of state bank as defined by the statute, which is not a qualified public depository. Section 7-400 of the statutes permit municipalities to invest public funds in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open-end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the statutes cover specific municipal funds with investment authority. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate of return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

Town of Hampton, Connecticut
Notes to the Financial Statements
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Deposits

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk beyond the requirements of State statutes. The bank accounts of the Town are covered by FDIC insurance up to \$250,000 in demand deposit accounts and up to \$250,000 in time deposit accounts per financial institution. At year end, the carrying amount of the Town's deposits was \$1,938,152 which is shown in the financial statements as cash balances of \$1,647,579 (\$1,639,324 on Statement C and \$8,255 on Statement E) and investment balances of \$290,573 which represents certificates of deposit. The corresponding bank balances of these accounts at various financial institutions totaled \$1,982,729 with the difference between the two amounts being represented by timing differences with outstanding checks, deposits in transit and cash on hand. Of these bank balances, \$1,030,437 was determined to be covered by FDIC with the remaining \$952,292 representing balances that were determined to be uninsured and collateralized in part, as described in the following paragraph, by securities held by the pledging financial institutions' trust department or agent but not in the Town's name.

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

Investments

The following schedule shows these different types of investments as held by the Town, the maturities of these investments and the associated credit ratings as of June 30, 2025.

Type	Fair value	Maturities in years			Credit ratings
		Less than 1 year	1 - 5 years	6 - 10 years	S & P
Governmental types & funds:					
CT short term investment fund	\$ 1,481,462	\$ 1,481,462	\$ -	\$ -	AAAm
Certificates of deposit	290,573	290,573	-	-	not rated
	<u>\$ 1,772,035</u>	<u>\$ 1,772,035</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit in the statement of net position or balance sheet at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date; Level 2 inputs are other than quoted prices in Level 1 that are observable for the asset or liability, or similar assets or liabilities either directly or indirectly through corroboration with observable market data; Level 3 inputs are significant unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The investments of the Town were measured at level 1 as of June 30, 2025.

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

Note 4 - Interfund Receivables, Payables and Transfers

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

	Receivable due from	Payable due to
General fund:		
Capital non-recurring fund	\$ -	\$ 43,679
Non-major special revenue funds	7,102	144,085
	<u>7,102</u>	<u>187,764</u>
Fiduciary funds	-	345
	<u>\$ 7,102</u>	<u>\$ 188,109</u>
Capital non-recurring fund:		
General fund	\$ 43,679	\$ -
Non-major special revenue funds	-	6,211
	<u>\$ 43,679</u>	<u>\$ 6,211</u>

Interfund transfers - Transfers in and out represent either budgeted or operating transfers which are not always physically made but need to be recorded to keep track of the individual fund balances. There were no transfers made by the Town during the current fiscal year which were significant which have been deemed not to have occurred on a routine basis and which are inconsistent with the activities of the fund (s) making the transfer (s). For the general fund, the first three items represent the amounts approved as part of the annual budget referendum on June 27, 2024. The first amount was included as article number one as the town general fund appropriation, the second amount was included as article number five for the purchase of a public works vehicle and the third amount was included as article number six for a school oil tank removal and replacement project and a hot water propane upgrade. The fourth amount represents a transfer approved by the Board of Education on June 25, 2025 relating to the transferring of a portion of the remaining current fiscal year unspent education budget to the school capital fund in accordance with State legislature section 10-248a. The fifth amount represents the annual budgeted transfer from the school budget to the school lunch program in the amount of \$46,250 and the annual transfer to the town recreation activities fund in the amount of \$6,000. The capital non-recurring fund transfers in and transfers out from the capital non-recurring fund represent internal transfers approved as part of the aforementioned annual budget referendum. The aforementioned budget transfers to and from the general fund and to and from the other major funds of the town are as follows.

	Transfers in	Transfers out
General fund:		
Capital non-recurring fund	\$ -	\$ -16,010
Capital non-recurring fund	-	-30,000
Capital non-recurring fund	-	-40,000
Capital non-recurring fund	-	-43,592
Non-major special revenue funds	-	-52,250
	<u>\$ -</u>	<u>\$ -181,852</u>
Capital non-recurring fund:		
General fund	\$ 129,602	\$ -
Capital non-recurring funds	58,763	-58,763
	<u>\$ 188,365</u>	<u>\$ -58,763</u>

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

Note 5 - Capital Assets

The following schedule shows the capital asset activity for the fiscal year ended June 30, 2025. Information about the specific accounting policies of the Town in relation to capital assets can be found in note 1J on page 22 of the notes to the financial statements. Though subscription assets are amortized rather than depreciated, the two amounts are being combined for financial reporting purposes.

	Balance 07/01/24	Additions	Retirements	Balance 06/30/25
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 936,485	\$ -	\$ -	\$ 936,485
Capital assets being depreciated:				
Right to use assets	40,457	197,359	-17,009	220,807
Subscription assets	35,239	-	-35,239	-
Buildings and improvements	7,955,545	131,412	-	8,086,957
Vehicles	2,553,585	218,139	-21,095	2,750,629
Equipment	834,132	74,603	-	908,735
Infrastructure and improvements	4,822,225	-	-	4,822,225
Total at historical value	<u>16,241,183</u>	<u>621,513</u>	<u>-73,343</u>	<u>16,789,353</u>
Less accumulated depreciation for:				
Right to use assets	-18,169	-28,485	17,009	-29,645
Subscription assets	-29,367	-5,872	35,239	-
Building and improvements	-5,465,211	-224,747	-	-5,689,958
Vehicles	-1,277,116	-53,588	21,095	-1,309,609
Equipment	-565,425	-62,102	-	-627,527
Infrastructure and improvements	-1,718,004	-219,465	-	-1,937,469
Total accumulated depreciation	<u>-9,073,292</u>	<u>-594,259</u>	<u>73,343</u>	<u>-9,594,208</u>
Total capital assets being depreciated (net)	<u>7,167,891</u>	<u>27,254</u>	<u>-</u>	<u>7,195,145</u>
Governmental activities capital assets (net)	<u><u>\$ 8,104,376</u></u>	<u><u>\$ 27,254</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,131,630</u></u>

Depreciation and amortization expense taken on the governmental activities capital assets of the town are charged by function or department in the government-wide financial statements. During the current fiscal year depreciation was charged to general government - \$60,212, public safety - \$28,142, public works - \$80,774, sanitation and waste - \$19,531, education - \$201,353 and general infrastructure - \$204,247 for a total current fiscal year depreciation expense amount of \$594,259.

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

The net investment in capital assets net position amount on the government-wide statement of net position consisted of the following items as of June 30, 2025.

	Governmental activities
Recorded value of capital assets	\$ 17,725,838
Less accumulated depreciation	<u>-9,594,208</u>
Book value of capital assets	8,131,630
Less capital assets related debt	<u>-198,483</u>
Total net investment in capital assets	<u><u>\$ 7,933,147</u></u>

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

Note 7 - Long-Term Debt and Other Liabilities

The long-term debt and other liabilities of the Town are made up of the following individual debt agreements and amounts. Long-term debt and other liabilities are shown on the government-wide financial statements as governmental activities items on the statement of net position.

	Balance 07/01/24	Additions	Reductions	Balance 06/30/25	Amount due within one year
Governmental activities:					
Outstanding payables:					
Right to use leases payable	\$ 22,690	\$ 197,359	\$ -21,566	\$ 198,483	\$ 23,002
Subscription liability payable	6,500	-	-6,500	-	-
	<u>29,190</u>	<u>197,359</u>	<u>-28,066</u>	<u>198,483</u>	<u>23,002</u>
Other liabilities:					
Accrued comp. balances - town	11,961	2,756	-	14,717	
Accrued comp. balances - school	3,000	-	-	3,000	
Other post-employment benefits	47,254	10,314	-9,907	47,661	
Total other liabilities	<u>62,215</u>	<u>13,070</u>	<u>-9,907</u>	<u>65,378</u>	
Total long-term liabilities	<u>\$ 91,405</u>	<u>\$ 210,429</u>	<u>\$ -37,973</u>	<u>\$ 263,861</u>	<u>\$ 23,002</u>

Outstanding right to use leases payable:

The Town entered into a copier lease agreement in the amount of \$17,009 in December of 2020. The lease agreement is for 48 months with monthly lease payments of \$389. The lease liability was measured at a discount rate of 4.65% based on the Town's estimated incremental borrowing rate.

\$ -

The Town entered into a copier lease agreement in the amount of \$14,048 in December of 2024. The lease agreement is for 39 months with monthly lease payments of \$391. The lease liability is measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate.

11,691

The Board of Education entered into a copier lease agreement in the amount of \$23,448 in January of 2024. The lease agreement is for 48 months with monthly lease payments of \$540. The lease liability is measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate.

15,199

The Town of Hampton and the Town of Scotland entered into a joint land lease agreement in relation to the town transfer station location in the amount of \$352,521 in July of 2024. The lease agreement is for 10 years with quarterly lease payments in year one of \$9,935. Payments throughout the remaining nine years will be adjusted annually and any increases will be based on the previous years annual inflation rate index plus one point five percent. The Town is responsible for 52% of the required lease payments which resulted in a total lease liability amount of \$183,311. The lease liability is measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate.

171,593
\$ 198,483

Outstanding subscription liability payable:

The Town Clerk entered into a Subscription Based Information Technology Arrangement in relation to the access and use of a land records management system and open architect land records document management, imaging and workflow software in May of 2020. The arrangement is for 60 months with monthly payments of \$665. The subscription liability was measured at a discount rate of 5.00% based on the Town's estimated incremental borrowing rate.

\$ -

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

	Principal	Interest	Total
2026	\$ 23,002	\$ 9,456	\$ 32,458
2027	24,827	8,270	33,097
2028	21,916	7,034	28,950
2029	17,141	6,119	23,260
2030	18,725	5,232	23,957
2031-2035	92,872	10,363	103,235
	<u>\$ 198,483</u>	<u>\$ 46,474</u>	<u>\$ 244,957</u>

Interest expense

The total interest expense incurred by the Town during the current fiscal year totaled \$10,412. In the fund financial statements, this amount is shown in the general fund within general government expenditures in the amount of \$552, within education expenditures in the amount of \$912 and within sanitation and waste expenditures in the amount of \$8,948. In the government-wide financial statements, the total interest expense incurred by the Town of \$10,412 is shown as interest expense.

Accrued compensated absences

Non-elected full time employees of the Town are allowed to earn paid absences for vacation time. The employee's right to be paid for these future vacation time absences are attributable to services already rendered and balances do accumulate and they are carried forward. These accumulated vacation time balances are paid when an employee leaves. Therefore, the town does feel that it is more likely than not that these earned vacation time balances will be used for time off or otherwise paid in cash or settled through non-cash means and therefore a liability has been recorded in the accompanying government-wide financial statements on the statement of net position. The value of these earned vacation time balances was \$14,717 as of June 30, 2025. A current portion of the recorded liability for these earned vacation benefits has not been estimated due to the fact that it cannot be accurately determined when and in what amount individuals will use these vacation benefits during the upcoming fiscal year.

Non-elected full time employees of the Town are also allowed to earn paid absences for sick time. The employee's right to be paid for these future sick time absences are attributable to services already rendered and balances do accumulate and they are carried forward. These accumulated sick time balances are not paid when an employee leaves. Therefore, the town does not feel that it is more likely than not that these earned sick time balances will be used for time off or otherwise paid in cash or settled through non-cash means and therefore a liability has not been recorded in the accompanying government-wide financial statements on the statement of net position. The value of these earned sick time balances was \$11,433 as of June 30, 2025.

Teachers retiring from teaching after 15 years of service, the last 10 of which are in the Hampton elementary school, shall be paid a severance benefit of on \$150 per year of service (prorated to full-time equivalent years of service for part-time teachers) up to a maximum of \$1,500. Any teacher who honorably leaves the Hampton elementary school after 11 years of service (prorated to full-time equivalent years of service for part-time teachers) and who is not dismissed for cause, shall be entitled to a severance benefit calculated as follows: Teachers shall be paid 25% of their prorated daily salary for each accumulated sick leave day in excess of the statutory maximum accumulation of 150 sick days, provided that such benefit shall not exceed \$1,500. The current recorded liability for these earned severance payments is \$3,000 as of June 30, 2025. A current portion of the recorded liability for these severance payments has not been estimated due to the fact that it cannot be accurately determined which individuals will leave the employment of the Board of Education during the upcoming fiscal year thus receiving the applicable severance payment amount.

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

Note 8 - Net Position and Fund Balances - Restricted

The Town has received a number of housing rehabilitation CDBG grants from the U.S. Department of Housing and Urban Development which are accounted for within the small cities program major fund. The purpose of these grants is to provide assistance to low to moderate income residents for addressing housing needs with a priority being placed on public health and safety code violations and to establish a permanent loan fund using the proceeds. Each resident receiving benefits under these grants is required to sign a deferred housing rehabilitation program property lien agreement. Should said property be mortgaged, sold, or beneficial interest or title be transferred, the balance of the principal due under the terms of the Assistance Agreement will be paid in full to the Town at the time of sale. The proceeds of any such sale being deposited into the aforementioned loan fund and permanently used by the Town for other similar programs as described in the approved program income reuse plan. Program income including interest income must be deposited into this loan fund. The activity of this program is accounted for in two separate ways in that the revenue and expenditures relating to any actual CDBG grants is accounted for separately from the program income. Revenue is recorded within the program income fund in the amount of any new and completed property lien agreements. Expenditures within the program income fund include administrative and other miscellaneous items as well as the amounts of property lien agreements written off during the fiscal year. The residual of this fund is accounted for as restricted net position and fund balance as the Town feels that the recorded revenue has been earned and is both measurable and available to pay all applicable current liabilities of the program fund. As of June 30, 2025, the following balances represent the loan fund described above.

Cash and restricted cash	\$ 716,215
Notes receivable (net of allowance)	2,231,448
Restricted net position and restricted fund balance	-2,947,663
	<u>\$ -</u>

Note 9 - Defined Benefit Pension Plan

Connecticut Teachers' Retirement System

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

Benefits provided - The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. In relation to normal retirement, retirement benefits for the employees are calculated as 2% of the average annual salary times the years of credited service (maximum benefit is 75% of average annual salary during the 3 years of highest salary). In addition, amounts derived from the accumulation of the 6% contributions made prior to July 1, 1989 and voluntary contributions are payable. In relation to early retirement, employees are eligible after 25 years of credited service with a minimum of 20 years of Connecticut service, or age 55 with 20 years of credited service with a minimum of 15 years of Connecticut service. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date. In relation to disability retirement, employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required to be eligible for non-service related disability. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the Plan, but not less than 15%, nor more than 50%. In addition, disability benefits under this Plan (without regard to cost-of-living adjustments) plus any initial award of Social Security benefits and workers' compensation cannot exceed 75% of average annual salary. In relation to minimum benefits, effective January 1, 1999, Public Act 98-251 provides a minimum monthly benefit of \$1,200 to teachers who retire under the normal retirement provisions and who have completed at least 25 years of full time Connecticut service at retirement. In relation to prorated benefits, a plan member who leaves service and has attained 10 years of service will be entitled to 100% of the accrued benefit as of the date of termination of covered employment. Benefits are payable at age 60, and early retirement reductions are based on the number of years of service the member would have had if they had continued work until age 60. In relation to pre-retirement death benefits, the Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

Town of Hampton, Connecticut
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June 30, 2025

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

Pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources related to pensions - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that school district employers are not required to make contributions to the Plan. The amounts recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2024. For the year ended June 30, 2025, the Town recognized \$260,733 of on-behalf contributions made by the state in both the fund and government-wide financial statements as on-behalf revenues and expenditures/expenses. For the year ended June 30, 2025, the Town recognized \$303,404 for its share of pension revenue and expense for on-behalf benefits provided by the state in the government-wide financial statements as on-behalf and benefits revenues and expenses.

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	2,645,148
Total	<u>\$ 2,645,148</u>

Actuarial assumptions - The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset class	Target allocation	Long-term expected real rate of return
Global equity	37.0%	6.8%
Public credit	2.0%	2.9%
Core fixed income	13.0%	0.4%
Liquidity fund	1.0%	-0.4%
Risk mitigation	5.0%	0.1%
Private equity	15.0%	11.2%
Private credit	10.0%	6.1%
Real estate	10.0%	6.2%
Infrastructure and natural resources	7.0%	7.7%

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

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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

Note 10 - Other Post Employment Benefits - OPEB

Connecticut Teachers' Retirement System

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

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

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Any member that is not currently participating in Medicare Parts A & B is eligible to continue health care coverage with their former employer. A subsidy of up to \$220 per month for a retired member plus an additional \$220 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute. A subsidy amount of \$440 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 \$440 per month towards coverage under a local school district plan.

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

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

OPEB liabilities, OPEB expense, deferred outflows of resources, and deferred inflows of resources related to OPEB - The Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that school district employers are not required to make contributions to the Plan. The amounts recognized by the Town as its proportionate share of the net OPEB liability, the related state support, and the total portion of the net OPEB liability that was associated with the Town were as follows. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. For the year ended June 30, 2025, the Town recognized \$3,650 of on-behalf contributions made by the state in both the fund and government-wide financial statements as on-behalf revenues and expenditures/expenses. For the year ended June 30, 2025, the Town recognized \$7,518 for its share of OPEB revenue and expense for on-behalf benefits provided by the state in the government-wide financial statements as on-behalf and benefits revenues and expenses.

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	542,611
Total	<u>\$ 542,611</u>

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Real wage growth	0.50%
Wage inflation	3.00%
Salary increases	3.00% - 6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Municipal bond index rate:	
Measurement date	3.93%
Prior measurement date	3.65%
Single equivalent interest rate:	
Measurement date	3.64%, net of OPEB plan investment expense, including price inflation
Prior measurement date	3.93%, net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates:	
Medicare	Known increases until 2024, decreasing to an ultimate rate of 4.50% by 2031

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

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

Asset class	Target allocation	Expected 10-Year geometric real rate of return	Standard deviation
U.S. Treasuries (cash equivalents)	100.0%	1.26%	1.10%
Price inflation		2.50%	
Expected rate of return (rounded nearest 0.25%)		3.75%	

Discount rate - The discount rate used to measure the total OPEB liability was 3.93%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2024. In addition to the actuarial methods and assumptions of the June 30, 2024 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

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

Based on those assumptions, the Plan's fiduciary net position was projected to be depleted in 2027 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

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

Pension plan fiduciary net position and other information - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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

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Note 11 - Pension and OPEB On-Behalf Contributions and Revenue and Expense Benefits

In both the fund and government-wide financial statements, the Town has recorded a revenue and expenditure for Connecticut State Teachers' Retirement System pension and OPEB contributions made by the State of Connecticut on-behalf of the Hampton School Department in accordance with 10-183z of the Connecticut General Statutes which reflects public act 79-436 as amended. For the year ended June 30, 2025, the Town recognized \$260,733 of on-behalf pension contributions and \$3,650 of on-behalf OPEB contributions made by the State. These amounts were included as the expected employer contribution effort for allocation purposes in the GASB 68 and GASB 75 reports for the Connecticut Teachers Retirement System prepared as of June 30, 2024. These contributions are recognized as intergovernmental education on-behalf revenues and education expenditures/expenses within the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds and the Statement of Activities. These amounts were not budgeted for in the general fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under GAAP. There is no effect on fund balance at the end of the fiscal year.

In the government-wide financial statements, the Town has recorded employer pension and OPEB revenue and expense for on-behalf amounts for the benefits provided by the State in relation to the Connecticut Teachers Retirement System. For the year ended June 30, 2025, the Town recognized \$303,404 of pension revenue and expense and \$7,518 of OPEB revenue and expense. These amounts were included as revenue and expense in the GASB 68 and GASB 75 reports for the Connecticut Teachers Retirement System prepared as of June 30, 2024. These amounts are recognized as intergovernmental education on-behalf and benefit revenues and education expenses within the Statement of Activities. There is no effect on net position at the end of the fiscal year.

Note 12 - Other Post Employment Benefits - OPEB

Post-Retirement Healthcare Plan

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

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

Employees covered by benefit terms - The following employees were covered by the benefit terms of the Plan as of June 30, 2025, the date of the last actuarial valuation.

	Participant count
Active plan members	11
Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not yet receiving benefits	0
	<u>11</u>

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Total OPEB liability - The Town's total OPEB liability was \$47,661 as of June 30, 2025. The June 30, 2025 actuarial valuation directly calculated the June 30, 2025 liability. The June 30, 2024 liability was increased by service cost and interest and decreased by benefit payments to estimate the total OPEB liability as of June 30, 2025. The liability as of June 30, 2025 was also adjusted to reflect any material plan changes after the valuation, if applicable.

Actuarial assumptions and other inputs - The total OPEB liability as of June 30, 2025 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial valuation date	June 30, 2025 as adjusted for June 30, 2025 reporting
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Amortization period	20 years on an open basis, as a level dollar amount
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial assumptions	
Participation percentage	4.90%
Discount rate	4.52% as of June 30, 2025 which is equal to the published Bond Buyer Go 20-Bond Municipal Index effective as of June 30, 2025
Rate of compensation increase	7.06%
Mortality rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years

Changes in the total OPEB liability - The changes in the total OPEB liability of the Plan are made up of the following items as of June 30, 2025:

	Total OPEB liability
Balance as of June 30, 2024	\$ 47,254
Changes for the year:	
Service cost	7,967
Interest	2,347
Effect of economic/demographic gains or losses	-7,914
Changes of benefit terms	-
Changes of assumptions	-1,993
Benefit payments	-
Net changes	407
Balance as of June 30, 2025	\$ 47,661

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.52%) or 1 percentage point higher (5.52%) than the current discount rate:

	1% Decrease (3.52%)	Current discount rate (4.52%)	1% Increase (5.52%)
Total OPEB liability	\$ 55,678	\$ 47,661	\$ 41,204
Change from baseline	\$ 8,017	\$ -	\$ -6,457

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The following table represents the healthcare cost trend rates used in determining the total OPEB liability as of June 30, 2025, applied to all period included in the measurement date, unless otherwise noted. The affordable care act excise tax on high-value health insurance plans will impact the plan. Given the uncertainty regarding the affordable care acts implementation, continued monitoring of the affordable care acts impact on the Plan's liability will be required.

	Medical	Pharmacy	Dental	Vision
Year 1	5.80%	11.70%	3.50%	3.00%
Year 2	5.70%	8.70%	3.50%	3.00%
Year 3	5.60%	5.60%	3.00%	3.00%
Year 4	5.40%	5.40%	3.00%	3.00%
Year 5	5.20%	5.20%	3.00%	3.00%
Year 6	5.00%	5.00%	3.00%	3.00%
Year 7	4.80%	4.80%	3.00%	3.00%
Year 8	4.60%	4.60%	3.00%	3.00%
Year 9	4.40%	4.40%	3.00%	3.00%
Year 10 +	4.10%	4.10%	3.00%	3.00%

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

	1% Decrease	Current trend rates	1% Increase
Total OPEB liability	\$ 40,123	\$ 47,611	\$ 57,139
Change from baseline	\$ -7,538	\$ -	\$ 9,478

Note 13 - Town Employee Benefit Plans

The employees of the Town are covered under a Savings Incentive Match Plan for Employees Individual Retirement Account, more commonly known as a "SIMPLE IRA" plan. All employees who received at least \$5,000 in compensation during any preceding calendar years (whether or not consecutive) and who are reasonably expected to receive at least \$5,000 in compensation during the calendar year, are eligible to participate in the plan for the calendar year. The Town has chosen to exclude employees who are covered by collective bargaining agreements, if retirement benefits were the subject of good faith bargaining between the Town and the employee representatives. Each calendar year, the Town makes a matching contribution to eligible employees SIMPLE IRA equal to the employees salary reduction contributions up to 3% of the employees compensation for the calendar year. During the current fiscal year, 10 employees were eligible for the plan and received matching contributions by the Town at some point during the fiscal year in the amount of \$10,907. The total payroll for all Town employees for the current fiscal year totaled approximately \$498,222 with the amount attributable to contributing eligible employees under the plan totaling approximately \$363,572.

Note 14 - Risk Management, Commitments and Contingencies

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

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The Town participates in numerous Federal and State grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any monies received as of and through June 30, 2025 may be impaired. In the opinion of the management of the Town, there are no unrecorded significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants, therefore, no provision has been recorded in the accompanying basic financial statements for such possible contingencies. In addition, the Town occasionally books unbilled accounts receivable representing earned or recognized grant or contract dollars which have not yet been billed or received. Any subsequent modification or amendments to these grants or contracts could result in a loss to the Town. However, in the opinion of the management of the Town there are no unrecorded significant contingent liabilities in regard to these unbilled accounts receivable.

The Board of Education has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year. The Board entered into a bus transportation agreement for the purpose of providing transportation services for the school children of the Town of Hampton in compliance with local policies and legal requirements. This agreement runs from July 1, 2025 through June 30, 2030, unless extended by mutual agreement. Payment terms are based on specific daily and hourly rates for regular route hours and trips and non-route hours and trips per bus. The per day vehicle prices included in the contract from year one through year five for regular route hours and trips for Type I buses are \$395, \$434, \$461, \$484 and \$508 respectively. The per hour vehicle prices included in the contract from year one through year five for non-route hours and trips are \$72, \$80, \$85, \$89 and \$93 respectively and such trips are subject to a one and a half hour minimum. The Board entered into an agreement with a contractor to provide a high quality food services program. The agreement runs from July 1, 2023 through June 30, 2028 with annual implementation fees due to the contractor of \$24,000, \$24,250, \$24,500, \$24,750 and \$25,000 respectively. The Board entered into a one year HVAC services agreement through June 30, 2026 at a cost of \$11,520.

The Town has entered into a number of maintenance and service agreements prior to the end of the current fiscal year which extend beyond the end of the current fiscal year. The Towns of Hampton and Scotland currently have a cooperative agreement in place to operate the Hampton/Scotland transfer station in order to dispose of both the recyclable waste and the municipal solid waste of both towns. The transfer station and related operations are funded by the two towns based on a per capita ratio. The per capita ratio for the fiscal year ended June 30, 2025 was 52% for the Town of Hampton and 48% for the Town of Scotland. This per capita ratio is applied to the actual costs of running the transfer station which are accounted for by the Town of Hampton and then billed to the Town of Scotland. In addition, the per capita ratio is applied to the waste disposal costs, the waste and recycling transportation costs and the recycling center lease costs. The Town's currently have a recycling transportation agreement with a contractor which is for a two year period and runs from July 1, 2025 through June 30, 2027. Under the agreement, the recyclable waste generated by the two towns will be transported as directed by the two towns at a cost of \$50 per container for on-site moves, \$170 per trip for transportation of the recyclable waste within a 20 mile radius of the Town of Hampton and \$215 per trip for transportation of the recyclable waste outside of a 20 mile radius of the Town of Hampton. The agreement also contains an escalation clause relating to pricing adjustments in the form of a fuel surcharge in the event that fuel prices exceed \$4.50 per gallon and will relate only to the recapture of excess fuel costs. The current fiscal year charges for these services under the prior agreement for the Town totaled \$27,197. The Town's currently have entered into a ten year right to use lease agreement for the lease of property relating to the transfer station and recycling center. This lease agreement runs from July 1, 2024 through June 30, 2034 and is more fully described in the long-term debt section of the notes to the financial statements. The Town entered into a three year emergency ambulance services contract along with three other municipal entities which runs from July 1, 2025 through June 30, 2028 with the Town's portion of the annual costs being \$132,500, \$141,278 and \$151,258 respectively. The Town entered into a regional revaluation contract which runs for approximately five years through June 30, 2030. The contract includes twelve towns in which the revaluation services for each town are performed at certain points during the period of the contract. The Town's revaluation services are set to begin August 1, 2027 and to run through January 3, 2029. The Town's portion of the revaluation contract is \$32,480 which is being paid in five annual installments of \$6,496. The Town entered into a one year planning and zoning services contract through June 30, 2026 with monthly costs of \$2,290 for a total contract of \$27,480. The Town entered into a three year tax collection services contract with the Town of Windham, Connecticut which runs from July 1, 2025 through June 30, 2028 at annual costs of \$24,600, \$25,223 and \$25,718 respectively. The town clerks office entered into a one year hosted services contract through May 21, 2026 with monthly payments of \$832 at an annual cost of \$9,984 with additional services included in the contract at specific per unit prices. The Town entered into a one year animal services agreement through June 30, 2026 at an amount of \$7,151. The Town entered into an agreement to purchase a fire truck at a total cost of \$1,088,000 in March of 2024. Payments made under this purchase agreement were \$753,000 during the prior fiscal year leaving an outstanding purchase agreement balance of \$335,000. The Town entered into an agreement for tennis court improvements at the town hall in the amount of \$73,384 during the current fiscal year. Payments made under this agreement were \$36,692 during the current fiscal year leaving an outstanding agreement balance of \$36,692.

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The Town is contingently liable for its proportionate share of any defaulted debt by entities of which it is a member. The Town is currently a member of the Connecticut Regional School District # 11 and would therefore be contingently liable for any outstanding debt of the District. The Town's portion of this debt would be based on the percentage of the Town's annual assessment to the total annual assessment of the District to the member towns. As of June 30, 2025, the District has reported to the Town that there was no outstanding debt for the District for which the Town would be contingently liable.

Note 15 - Deficit Fund Balances

In accordance with generally accepted accounting principles, all deficit fund balances and their nature must be disclosed. The major capital non-recurring fund has a current deficit of (\$163,478) as it relates to the general trucks and equipment portion of this fund and more specifically resulted from the purchase of a John Deere mower during the current fiscal year in the amount of \$169,417. The Town did approve the use of \$150,000 of general fund unassigned fund balance towards this deficit as part of the June 27, 2025 town budget referendum. The remaining deficit was funded through the transfer of prior fiscal year unallocated capital non-recurring funds in the amount of \$22,001 which was also approved as part of the aforementioned town budget referendum. The following individual non-major special revenue funds currently have deficit fund balances totaling (\$35,189). This deficit total is made up of one individual and ongoing school grant and one individual and ongoing town grant. The school grant deficit of (\$18,929) relates to a school security grant which is designed for the State of Connecticut Department of Emergency Services and Public Protection to reimburse the school 63.93% of eligible project expenditures. The aforementioned deficit represents this percentage of the total final costs of the project. The school does anticipate receiving this State reimbursement during the upcoming fiscal year. The Town grant deficit of (\$16,260) relates to a recreation trails grant with the State Department of Energy and Environmental Protection. The total amount of the grant is \$219,000 though the Town did not request reimbursement of any of these current fiscal year expenditures until well after the end of the current fiscal year. The Town does anticipate receiving grant funds relating to this deficit during the upcoming fiscal year.

Note 16 - Recently Issued Accounting Standards - Adopted

During the current fiscal year the Town adopted GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 which is the Town's fiscal year beginning July 1, 2024. The adoption of this statement did not have any material impact on the Town's financial statements.

During the current fiscal year the Town adopted GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and if such an impact is determined to disclose sufficient relevant information in the notes to the financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024 which is the Town's fiscal year beginning July 1, 2024. The adoption of this statement did not have any material impact on the Town's financial statements.

Note 17 - Recently Issued Accounting Standards - Not yet Effective

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 which is the Town's fiscal year beginning July 1, 2025. The Town has not yet determined the impact that this statement might have on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 which is the Town's fiscal year beginning July 1, 2025. The Town has not yet determined the impact that this statement might have on its financial statements.

Town of Hampton, Connecticut
Notes to the Financial Statements
June 30, 2025

In December of 2025, the GASB issued Statement No. 105, *Subsequent Events*. The objective of this statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued and clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026 which is the Town's fiscal year beginning July 1, 2026. The Town has not yet determined the impact that this statement might have on its financial statements.

Note 18 - Special Items

In accordance with GASB Statement No. 34, *Financial Statements for Governments*, special items are significant transactions or other events that are either unusual or infrequent and are within the control of management. As was disclosed in the prior fiscal years notes to the financial statements, "The Town had been named as a defendant in litigation relating to an assessment made by the Town on certain personal property that was claimed to be exempt by the plaintiff pursuant to Connecticut General Statutes §12-81 (57)(D). The case was filed September 29, 2021 and was initially regarding the grand list of October 1, 2020. The complaint was amended to include the grand list of October 1, 2021 and October 1, 2022. The tax obligation resulting from the assessment of the property at issue was in the principal amounts of \$320,931 for the grand list of October 1, 2020, \$359,584 for the grand list of October 1, 2021, \$325,706 for the grand list of October 1, 2022 and \$248,017 for the grand list of October 1, 2023. These amounts, plus the interest that is accruing, were at risk if the court decided that the property in question was exempt from taxation." On May 23, 2025 the court found against the Town in relation to its assertion that the aforementioned property was not exempt from personal property tax assessments. As a result, the town in effect wrote off these personal property tax receivable amounts in addition to the accumulated and related delinquent interest amounts. The amount of these individual grand list year balances that were written off during the current fiscal year totaled the (\$1,249,262) special item amount shown within the general revenues section of the statement of activities within the government-wide financial statements of the Town as of June 30, 2025. A special item was not shown on the statement of revenues, expenditures and changes in fund balances within the fund financial statements of the Town given the differences with the basis of accounting used within each set of financial statements and the far less significant effect that writing off these balances had within the fund financial statements.

Though the result of this court case was not within the control of management, the amount of any annual allowance for doubtful accounts estimates in relation to these tax balances was within the control of management. No amounts were estimated as part of an allowance for doubtful accounts in relation to these tax balances thus increasing the effect of writing off these balances in the current fiscal year as opposed to allowing for the potential loss relating to a negative outcome during each fiscal year for which grand lists were part of the aforementioned litigation.

Note 19 - Subsequent Events

The Town has evaluated subsequent events through January 30, 2026, the date to which the financial statements were available to be issued. There were no recognized subsequent events that would require adjustments to the financial statements.

The Town entered into a Subscription Based Information Technology Arrangement for the town clerks office in relation to the access and use of a land records management system and open architect land records document management, imaging and workflow software in July of 2025. The arrangement is for 62 months from May 1, 2026 through June 30, 2031. Monthly payments under this arrangement will be \$1,500 for a total contract payments amount of \$93,000.

Town of Hampton, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis - General Fund
For the year ended June 30, 2025

	Original budget	Budget revisions	Final budget	Actual	Variance
Revenues					
Property tax revenues	\$ 4,203,580	\$ -	\$ 4,203,580	\$ 4,398,954	\$ 195,374
Intergovernmental - education	1,058,408	-	1,058,408	1,058,408	-
Intergovernmental - tax relief	27,198	-	27,198	26,992	-206
Intergovernmental - other	228,801	-	228,801	236,951	8,150
Charges for services	89,150	-	89,150	127,299	38,149
Interest income	47,000	-	47,000	69,615	22,615
Miscellaneous	54,200	-	54,200	74,128	19,928
Total revenues	5,708,337	-	5,708,337	5,992,347	284,010
Expenditures					
General government:					
Selectmen	97,706	-1,706	96,000	90,863	5,137
Tax collector	42,103	1,922	44,025	44,025	-
Board of assessment appeals	262	-	262	-	262
Town clerk	64,396	-	64,396	59,973	4,423
Town legal	7,500	13,407	20,907	22,742	-1,835
Town treasurer	38,292	-	38,292	37,824	468
Town assessor	52,563	-	52,563	49,306	3,257
Town hall	28,323	-2,994	25,329	24,376	953
Elections	32,120	4,522	36,672	36,671	1
Planning and zoning	54,888	-	54,888	51,495	3,393
Conservation commission	17,375	5,666	23,041	12,139	10,902
Inland wetlands	5,608	-	5,608	4,754	854
Auditor and capital assets	14,420	-	14,420	13,500	920
Board of finance administration	3,099	-	3,099	1,739	1,360
Town utilities and fuel	60,262	4,834	65,096	63,178	1,918
Employee retirement plan	12,000	-1,093	10,907	10,907	-
Health insurance	113,271	-	113,271	113,183	88
Green energy	2,500	-	2,500	2,488	12
	646,688	24,588	671,276	639,163	32,113
Public safety:					
Fire marshal	11,936	-	11,936	11,261	675
Hampton volunteer fire department	93,550	5,937	99,487	99,486	1
Hampton volunteer fire incentive	54,000	63	54,063	54,063	-
Ambulance services	90,000	-	90,000	90,000	-
Dispatch services	5,881	-	5,881	5,880	1
Paramedic services	10,340	-	10,340	10,268	72
Building inspector	36,564	2	36,566	34,701	1,865
Burning permits	200	-65	135	-	135
Dot physicals	1,500	-	1,500	-	1,500
Emergency management coordinator	3,090	-	3,090	3,090	-
	307,061	5,937	312,998	308,749	4,249
Animal control pound	6,952	-	6,952	6,952	-
Animal control other	1,075	-	1,075	681	394
	8,027	-	8,027	7,633	394

Town of Hampton, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis - General Fund
For the year ended June 30, 2025

	Original budget	Budget revisions	Final budget	Actual	Variance
Public works					
Paving	\$ 220,000	\$ -	\$ 220,000	\$ -	\$ 220,000
Road maintenance	303,609	-24,484	279,125	250,063	29,062
Fuel	30,486	-1,954	28,532	23,384	5,148
Tree removal	-	-	-	-	-
Salt storage	5,500	-	5,500	5,500	-
Safety and training	3,000	-155	2,845	1,729	1,116
Town garage maintenance	5,000	854	5,854	5,854	-
Equipment maintenance	14,500	1,255	15,755	15,755	-
Small tools	2,000	-	2,000	1,696	304
Signs	1,000	-	1,000	940	60
	585,095	-24,484	560,611	304,921	255,690
Sanitation and waste					
Transfer station operations	52,852	13,872	66,724	66,803	-79
Transfer station lease	20,666	-	20,666	20,666	-
Tipping fees	62,000	9,684	71,684	71,684	-
Waste transport	25,679	1,518	27,197	27,197	-
	161,197	25,074	186,271	186,350	-79
Health and welfare					
Public nurse	500	-	500	500	-
Health district	16,071	-	16,071	16,070	1
Senior citizens	-	-	-	-	-
Elderly services provider	1,545	-	1,545	1,545	-
United services	1,245	-	1,245	1,245	-
Other services	3,460	-	3,460	2,349	1,111
	22,821	-	22,821	21,709	1,112
Education					
Elementary education	2,179,600	-89,842	2,089,758	2,031,065	58,693
Secondary education	1,639,196	-	1,639,196	1,639,196	-
	3,818,796	-89,842	3,728,954	3,670,261	58,693
General and program					
Library	35,430	-	35,430	35,430	-
Town social security	37,117	-	37,117	36,667	450
Insurance and bonds	36,071	-	36,071	34,618	1,453
Contingency	20,000	-20,000	-	-	-
	128,618	-20,000	108,618	106,715	1,903
Unclassified					
Dial a ride	2,105	4	2,109	2,108	1
Organizational dues	2,965	-	2,965	2,965	-
Probate court	694	-	694	694	-
Memorial day parade	565	-	565	322	243
Other community services	1,695	1,796	3,491	3,100	391
	8,024	1,800	9,824	9,189	635

Town of Hampton, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Budgetary Basis - General Fund
For the year ended June 30, 2025

	Original budget	Budget revisions	Final budget	Actual	Variance
Debt service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
	-	-	-	-	-
 Total expenditures	 5,686,327	 -76,927	 5,609,400	 5,254,690	 354,710
 Excess (deficiency) of revenues over (under) expenditures	 22,010	 76,927	 98,937	 737,657	 638,720
Other financing sources (uses)					
Use of unassigned fund balance	70,000	5,548	75,548	-	-75,548
Use of assigned fund balance	-	7,367	7,367	-	-7,367
Operating transfers in	-	-	-	-	-
Operating transfers out	-92,010	-89,842	-181,852	-181,852	-
Total other financing sources (uses)	-22,010	-76,927	-98,937	-181,852	-82,915
 Change in fund balance	 -	 -	 -	 555,805	 555,805
Current fiscal year encumbrances				24,610	
Prior fiscal year encumbrances				-5,640	
Non-cash right to use proceeds				197,359	
Non-cash right to use purchase				-197,359	
Non-budgeted State on behalf revenues				264,383	
Non-budgeted State on behalf expenditures				-264,383	
 Net change in fund balance				 574,775	
 Fund Balance - July 1				 1,228,351	
 Fund Balance - June 30				 <u><u>\$ 1,803,126</u></u>	

Town of Hampton, Connecticut
Schedule of Town's Proportionate Share of the Net Pension Liability
Connecticut Teachers' Retirement System
Last ten fiscal years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>2,645,148</u>	<u>2,926,785</u>	<u>3,371,523</u>	<u>3,279,001</u>	<u>4,140,109</u>	<u>4,502,740</u>	<u>3,471,874</u>	<u>2,956,599</u>	<u>3,119,234</u>	<u>2,780,460</u>
Total	<u>\$2,645,148</u>	<u>\$2,926,785</u>	<u>\$3,371,523</u>	<u>\$3,279,001</u>	<u>\$4,140,109</u>	<u>\$4,502,740</u>	<u>\$3,471,874</u>	<u>\$2,956,599</u>	<u>\$3,119,234</u>	<u>\$2,780,460</u>
Town's covered payroll	<u>\$ 811,241</u>	<u>\$ 859,946</u>	<u>\$ 841,729</u>	<u>\$ 988,689</u>	<u>\$ 956,241</u>	<u>\$1,157,721</u>	<u>\$1,139,772</u>	<u>\$ 937,137</u>	<u>\$ 903,264</u>	<u>\$1,033,510</u>
Town's proportion share of the net pension liability as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>62.68%</u>	<u>58.39%</u>	<u>54.06%</u>	<u>60.77%</u>	<u>49.24%</u>	<u>52.00%</u>	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>

Notes to schedule:

Changes in benefit terms	None
Changes in assumption	None
Inflation	2.50%
Salary increases	3.00% to 6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation
Administrative expenses	\$0 assumption as expense are paid for by the General Assembly
Mortality rates	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement
Miscellaneous	The pension information within this schedule is being included in the financial statements of the Town for the fiscal years noted above. The measurement date for each fiscal year noted above is the previous fiscal year

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

	2025	2024	2023	2022	2021	2020	2019	2018
Town's proportion of the net OPEB liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>542,611</u>	<u>274,200</u>	<u>295,268</u>	<u>357,241</u>	<u>617,497</u>	<u>702,228</u>	<u>694,071</u>	<u>760,996</u>
Total	<u>\$ 542,611</u>	<u>\$ 274,200</u>	<u>\$ 295,268</u>	<u>\$ 357,241</u>	<u>\$ 617,497</u>	<u>\$ 702,228</u>	<u>\$ 694,071</u>	<u>\$ 760,996</u>
Town's covered-employee	<u>\$ 811,241</u>	<u>\$ 859,946</u>	<u>\$ 841,729</u>	<u>\$ 988,689</u>	<u>\$ 956,241</u>	<u>\$ 1,157,721</u>	<u>\$ 1,139,772</u>	<u>\$ 937,137</u>
Town's proportion share of the OPEB liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>7.40%</u>	<u>11.92%</u>	<u>9.46%</u>	<u>6.11%</u>	<u>2.50%</u>	<u>2.08%</u>	<u>1.49%</u>	<u>1.79%</u>

Notes to schedule:

Changes in benefit terms	None
Changes in assumptions	The municipal bond index rate used increased from 3.65% to 3.93% and the single equivalent interest rate used decreased from 3.93% to 3.64%
Inflation	2.50%
Salary increases	3.00% - 6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Administrative expenses	\$0 assumption as expense are paid for by the General Assembly
Mortality rates:	Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females as ages 82 and above), projected generationally with MP-2019 for the period after service retirement
Miscellaneous:	The OPEB information within this schedule is being included in the financial statements of the Town for the fiscal years noted above. The measurement date for each fiscal year noted above is the previous fiscal year

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 7,967	\$ 4,478	\$ 4,809	\$ 5,836	\$ 7,816	\$ 3,081	\$ 1,335	\$ 2,926
Interest	2,347	2,467	2,307	12,016	12,667	13,299	14,353	16,534
Effect of economic/ demographic gains or losses	-7,914	-14,030	-3,078	-494,058	-39,149	80,005	-25,474	-66,453
Changes of benefit terms	-	-	-	-	-	-	-	-
Changes of assumptions	-1,993	-923	-383	-22,628	3,754	92,069	17,147	6,097
Benefit payments	-	-	-	-	-	-	-	-
Net change in total OPEB liability	407	-8,008	3,655	-498,834	-14,912	188,454	7,361	-40,896
Total OPEB liability - beginning	47,254	55,262	51,607	550,441	565,353	376,899	369,538	410,434
Total OPEB liability - ending	<u>\$ 47,661</u>	<u>\$ 47,254</u>	<u>\$ 55,262</u>	<u>\$ 51,607</u>	<u>\$ 550,441</u>	<u>\$ 565,353</u>	<u>\$ 376,899</u>	<u>\$ 369,538</u>

Notes to schedule:

Measurement date	June 30, 2025
Asset valuation method	Not applicable as this is an unfunded plan
Actuarial cost method	Entry age normal (level percentage of salary)
Actuarial assumptions:	
Discount rate	4.52%
Bond yield	4.52%
Rate of compensation increase	7.06%
Participation percentage	4.90%
Amortization period	20 years
Mortality rates	Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement

Town of Hampton, Connecticut
Combining Balance Sheet and Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-Major Governmental Funds
As of and for the year ended June 30, 2025

	Non-major special revenue funds	Non-major permanent funds	Totals
Assets			
Cash	\$ 27,046	\$ 2,102	\$ 29,148
Investments	25,688	4,750	30,438
Accounts receivable	-	-	-
Prepaid items	-	-	-
Due from other funds	150,296	-	150,296
Total assets	<u>203,030</u>	<u>6,852</u>	<u>209,882</u>
Liabilities			
Accounts payable	19,059	-	19,059
Accrued payroll	14,578	-	14,578
Due to other funds	8,791	-	8,791
Total liabilities	<u>42,428</u>	<u>-</u>	<u>42,428</u>
Fund balance			
Nonspendable	25,000	6,623	31,623
Restricted	148,701	229	148,930
Committed	-	-	-
Assigned	22,090	-	22,090
Unassigned	-35,189	-	-35,189
Total fund balance	<u>160,602</u>	<u>6,852</u>	<u>167,454</u>
Total liabilities and fund balance	<u>\$ 203,030</u>	<u>\$ 6,852</u>	<u>\$ 209,882</u>
Revenues			
Intergovernmental revenues	\$ 305,897	\$ -	\$ 305,897
Charges for services	29,822	-	29,822
Interest income	1,017	189	1,206
Miscellaneous	15,486	-	15,486
Total revenues	<u>352,222</u>	<u>189</u>	<u>352,411</u>
Expenditures			
Wages and benefits	212,623	-	212,623
Program operating costs	129,390	138	129,528
Capital expenditures	33,029	-	33,029
Total expenditures	<u>375,042</u>	<u>138</u>	<u>375,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-22,820</u>	<u>51</u>	<u>-22,769</u>
Other financing sources (uses)			
Transfers in	52,250	-	52,250
Transfers out	-	-	-
Total other financing sources (uses)	<u>52,250</u>	<u>-</u>	<u>52,250</u>
Net change in fund balance	29,430	51	29,481
Fund balance - July 1	<u>131,172</u>	<u>6,801</u>	<u>137,973</u>
Fund balance - June 30	<u>\$ 160,602</u>	<u>\$ 6,852</u>	<u>\$ 167,454</u>

Town of Hampton, Connecticut
Combining Balance Sheet and Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-Major Special Revenue Funds
As of and for the year ended June 30, 2025

	School lunch program	American rescue plan act grant	Little river preservation grant	State LOCIP grant	Center for tech & civil life grant
Assets					
Cash	\$ 4,421	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	15,000	-	-	82,530	-
Total assets	19,421	-	-	82,530	-
Liabilities					
Accounts payable	2,425	-	9,158	-	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	7,102	-	-
Total liabilities	2,425	-	16,260	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	82,530	-
Committed	-	-	-	-	-
Assigned	16,996	-	-	-	-
Unassigned	-	-	-16,260	-	-
Total fund balance	16,996	-	-16,260	82,530	-
Total liabilities and fund balance	\$ 19,421	\$ -	\$ -	\$ 82,530	\$ -
Revenues					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 40,859	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	5,000
Total revenues	-	-	-	40,859	5,000
Expenditures					
Wages and benefits	-	-	-	-	1,812
Program operating costs	30,700	4,420	16,260	-	3,188
Capital expenditures	-	9,080	-	-	-
Total expenditures	30,700	13,500	16,260	-	5,000
Excess (deficiency) of revenues over (under) expenditures	-30,700	-13,500	-16,260	40,859	-
Other financing sources (uses)					
Transfers in	46,250	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	46,250	-	-	-	-
Net change in fund balance	15,550	-13,500	-16,260	40,859	-
Fund balance - July 1	1,446	13,500	-	41,671	-
Fund balance - June 30	\$ 16,996	\$ -	\$ -16,260	\$ 82,530	\$ -

Town of Hampton, Connecticut
Combining Balance Sheet and Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-Major Special Revenue Funds
As of and for the year ended June 30, 2025

	Early voting grant	Early voting grant	PFAS removal grant	Nips environmental fees fund	National opioids settlement fund
Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other funds	-	-	-	14,137	7,667
Total assets	-	-	-	14,137	7,667
Liabilities					
Accounts payable	-	-	-	-	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	-	-	-	-
Fund balance					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	14,137	7,667
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	-	-	-	14,137	7,667
Total liabilities and fund balance	\$ -	\$ -	\$ -	\$ 14,137	\$ 7,667
Revenues					
Intergovernmental revenues	\$ -	\$ 2,000	\$ 9,075	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	4,881	2,870
Total revenues	-	2,000	9,075	4,881	2,870
Expenditures					
Wages and benefits	5,092	2,000	-	-	-
Program operating costs	1,251	-	9,075	-	-
Capital expenditures	-	-	-	-	-
Total expenditures	6,343	2,000	9,075	-	-
Excess (deficiency) of revenues over (under) expenditures	-6,343	-	-	4,881	2,870
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	-6,343	-	-	4,881	2,870
Fund balance - July 1	6,343	-	-	9,256	4,797
Fund balance - June 30	\$ -	\$ -	\$ -	\$ 14,137	\$ 7,667

Town of Hampton, Connecticut
Combining Balance Sheet and Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-Major Special Revenue Funds
As of and for the year ended June 30, 2025

	Fuel donations fund	Historic document preservation	Town clerk discretionary fund	Recreation activities fund
Assets				
Cash	\$ -	\$ -	\$ -	\$ 3,759
Investments	-	-	-	-
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	2,632	3,955	2,372	-
Total assets	2,632	3,955	2,372	3,759
Liabilities				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
Fund balance				
Nonspendable	-	-	-	-
Restricted	2,632	3,955	2,372	-
Committed	-	-	-	-
Assigned	-	-	-	3,759
Unassigned	-	-	-	-
Total fund balance	2,632	3,955	2,372	3,759
Total liabilities and fund balance	\$ 2,632	\$ 3,955	\$ 2,372	\$ 3,759
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	528	514	-
Interest income	-	-	-	-
Miscellaneous	150	-	-	1,485
Total revenues	150	528	514	1,485
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	1,000	213	-	7,395
Capital expenditures	-	-	-	-
Total expenditures	1,000	213	-	7,395
Excess (deficiency) of revenues over (under) expenditures	-850	315	514	-5,910
Other financing sources (uses)				
Transfers in	-	-	-	6,000
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	6,000
Net change in fund balance	-850	315	514	90
Fund balance - July 1	3,482	3,640	1,858	3,669
Fund balance - June 30	\$ 2,632	\$ 3,955	\$ 2,372	\$ 3,759

Town of Hampton, Connecticut
Combining Balance Sheet and Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-Major Special Revenue Funds
As of and for the year ended June 30, 2025

	Volunteer fire company trust	School readiness fund	Elementary education grants	Totals
Assets				
Cash	\$ -	\$ 16,390	\$ 2,476	\$ 27,046
Investments	25,688	-	-	25,688
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	1,803	20,200	150,296
Total assets	25,688	18,193	22,676	203,030
Liabilities				
Accounts payable	-	1,088	6,388	19,059
Accrued payroll	-	14,578	-	14,578
Due to other funds	-	1,192	497	8,791
Total liabilities	-	16,858	6,885	42,428
Fund balance				
Nonspendable	25,000	-	-	25,000
Restricted	688	-	34,720	148,701
Committed	-	-	-	-
Assigned	-	1,335	-	22,090
Unassigned	-	-	-18,929	-35,189
Total fund balance	25,688	1,335	15,791	160,602
Total liabilities and fund balance	\$ 25,688	\$ 18,193	\$ 22,676	\$ 203,030
Revenues				
Intergovernmental revenues	\$ -	\$ 81,281	\$ 172,682	\$ 305,897
Charges for services	-	28,780	-	29,822
Interest income	1,017	-	-	1,017
Miscellaneous	-	-	1,100	15,486
Total revenues	1,017	110,061	173,782	352,222
Expenditures				
Wages and benefits	-	100,543	103,176	212,623
Program operating costs	743	10,073	45,072	129,390
Capital expenditures	-	-	23,949	33,029
Total expenditures	743	110,616	172,197	375,042
Excess (deficiency) of revenues over (under) expenditures	274	-555	1,585	-22,820
Other financing sources (uses)				
Transfers in	-	-	-	52,250
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	52,250
Net change in fund balance	274	-555	1,585	29,430
Fund balance - July 1	25,414	1,890	14,206	131,172
Fund balance - June 30	\$ 25,688	\$ 1,335	\$ 15,791	\$ 160,602

Town of Hampton, Connecticut
Combining Balance Sheet and Statement of Revenues, Expenditures
and Changes in Fund Balances - Non-Major Permanent Funds
As of and for the year ended June 30, 2025

	Library trust fund	Cemetery trust fund	Dupuis memorial fund	Totals
Assets				
Cash	\$ -	\$ -	\$ 2,102	\$ 2,102
Investments	3,371	1,379	-	4,750
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>3,371</u>	<u>1,379</u>	<u>2,102</u>	<u>6,852</u>
Liabilities				
Accounts payable	-	-	-	-
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance				
Nonspendable	3,281	1,342	2,000	6,623
Restricted	90	37	102	229
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>3,371</u>	<u>1,379</u>	<u>2,102</u>	<u>6,852</u>
Total liabilities and fund balance	<u>\$ 3,371</u>	<u>\$ 1,379</u>	<u>\$ 2,102</u>	<u>\$ 6,852</u>
Revenues				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Interest income	134	55	-	189
Miscellaneous	-	-	-	-
Total revenues	<u>134</u>	<u>55</u>	<u>-</u>	<u>189</u>
Expenditures				
Wages and benefits	-	-	-	-
Program operating costs	98	40	-	138
Capital expenditures	-	-	-	-
Total expenditures	<u>98</u>	<u>40</u>	<u>-</u>	<u>138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>36</u>	<u>15</u>	<u>-</u>	<u>51</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	36	15	-	51
Fund balance - July 1	<u>3,335</u>	<u>1,364</u>	<u>2,102</u>	<u>6,801</u>
Fund balance - June 30	<u>\$ 3,371</u>	<u>\$ 1,379</u>	<u>\$ 2,102</u>	<u>\$ 6,852</u>

Town of Hampton, Connecticut
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances - Capital & Non-Recurring Fund
As of and for the year ended June 30, 2025

	Fund balance 07/01/24	Annual appropriation & transfers	Revenues	Expenditures	Fund balance 06/30/25
General government:					
Capital building maintenance	\$ 11,592	\$ -2,023	\$ -	\$ -9,569	\$ -
Grange building maintenance	1,602	-	-	-1,602	-
Town hall reserve fund	283,577	30,393	-	-116,981	196,989
Revaluation fund	2,645	6,010	-	-6,010	2,645
Open space fund	93,528	-	792	-	94,320
Land acquisition fund	40,005	10,000	-	-	50,005
	<u>432,949</u>	<u>44,380</u>	<u>792</u>	<u>-134,162</u>	<u>343,959</u>
Public safety:					
Fire truck reserve	<u>464</u>	<u>-</u>	<u>-</u>	<u>-464</u>	<u>-</u>
Public works:					
General trucks and equipment	<u>24,662</u>	<u>30,000</u>	<u>-</u>	<u>-218,140</u>	<u>-163,478</u>
Health and welfare:					
Green energy efficiency	<u>5,730</u>	<u>-</u>	<u>-</u>	<u>-5,730</u>	<u>-</u>
Education:					
School capital fund	61,058	40,000	-	-44,850	56,208
School non-lapsing fund	6,826	43,592	-	-	50,418
	<u>67,884</u>	<u>83,592</u>	<u>-</u>	<u>-44,850</u>	<u>106,626</u>
Unclassified					
Uncommitted fund balance	<u>28,370</u>	<u>-28,370</u>	<u>22,001</u>	<u>-</u>	<u>22,001</u>
Totals:	<u>\$ 560,059</u>	<u>\$ 129,602</u>	<u>\$ 22,793</u>	<u>\$ -403,346</u>	<u>\$ 309,108</u>

Town of Hampton, Connecticut
Schedule of Property Taxes Levied,
Collections and Outstanding Balances
For the year ended June 30, 2025

Grand list	Uncollected taxes 06/30/24	Current year taxes levied	Lawful corrections		Net taxes collectable
			Additions	Deductions	
2023	\$ -	\$ 4,609,260	\$ 7,434	\$ -268,059	\$ 4,348,635
2022	393,311	-	50,105	-326,156	117,260
2021	410,867	-	-	-359,584	51,283
2020	325,691	-	-	-320,931	4,760
2019	-	-	67	-	67
2018	-	-	-	-	-
2017	-	-	-	-	-
2016	-	-	-	-	-
2015	-	-	-	-	-
2014	-	-	-	-	-
2013	-	-	-	-	-
2012	-	-	-	-	-
2011	-	-	-	-	-
2010	-	-	-	-	-
2009	-	-	-	-	-
2008	-	-	-	-	-
	<u>\$ 1,129,869</u>	<u>\$ 4,609,260</u>	<u>\$ 57,606</u>	<u>\$ -1,274,730</u>	<u>\$ 4,522,005</u>

Town of Hampton, Connecticut
Schedule of Property Taxes Levied,
Collections and Outstanding Balances
For the year ended June 30, 2025

Grand list	Collections during the fiscal year			Total	Adjustments	Uncollected taxes 06/30/25
	Taxes	Interest	Lien fees			
2023	\$ 4,283,566	\$ 12,960	\$ 3,216	\$ 4,299,742	\$ -	\$ 65,069
2022	48,870	10,325	3,938	63,133	-	68,390
2021	16,683	5,815	1,451	23,949	-	34,600
2020	793	444	186	1,423	-3,967	-
2019	-	-	-	-	-	67
2018	-	-	-	-	-	-
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
2015	-	-	-	-	-	-
2014	-	-	-	-	-	-
2013	-	-	-	-	-	-
2012	-	-	-	-	-	-
2011	-	-	-	-	-	-
2010	-	-	-	-	-	-
2009	-	-	-	-	-	-
2008	-	-	-	-	-	-
	<u>\$ 4,349,912</u>	<u>\$ 29,544</u>	<u>\$ 8,791</u>	<u>\$ 4,388,247</u>	<u>\$ -3,967</u>	<u>\$ 168,126</u>

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

\$ 4,609,260	Current year taxes levied from page 58
29,544	Tax interest collections during the current fiscal year from above
8,791	Tax lien fee collections during the current fiscal year from above
12,759	Suspense collections during the current fiscal year
-3,967	Account balances transferred to suspense during the current fiscal year from above
-1,217,124	The net lawful corrections made during the current fiscal year from page 58
959,691	The unearned tax revenue adjustment made as described in item number 2 on page 15
<u>\$ 4,398,954</u>	Property tax revenues per Statement D and RSI-1

- B - Operation of Law - No tax can be collected 15 years after the original due date.
- C - Taxes transferred (to) and from suspense. Though tax balances are transferred from active status to suspense status they remain collectible. During the current fiscal year \$5,978 was collected on principal suspense tax balances owed and \$6,781 of interest and lien fees was collected on principal suspense tax balances owed. In addition, no lawful correction additions and or deductions were made to a suspense tax year.

Town of Hampton, Connecticut
Schedule of Debt Limitation
Connecticut General Statutes, Section 7-374 (b)
For the year ended June 30, 2025

Total tax collections (including interest and lien fees) for the current fiscal year.	\$ 4,388,247
Total tax collections (including interest and lien fees) of city, borough and all other taxing districts within the Town for the current fiscal year.	-
Reimbursement for revenue loss on: Tax relief for the elderly - (CGS 12-129d and 7-528)	-
Total base	<u>\$ 4,388,247</u>

Debt limitation:	General purposes	Schools	Sewers	Urban renewal	Pension deficit	Total Debt
2 1/4 times base	\$ 9,873,556	\$ -	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	19,747,111	-	-	-	-
3 3/4 times base	-	-	16,455,926	-	-	-
3 1/4 times base	-	-	-	14,261,803	-	-
3 times base	-	-	-	-	13,164,741	-
7 times base	-	-	-	-	-	30,717,729
Total debt limitation	<u>9,873,556</u>	<u>19,747,111</u>	<u>16,455,926</u>	<u>14,261,803</u>	<u>13,164,741</u>	<u>30,717,729</u>
Indebtedness:						
General obligation bonds	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-
Right to use leases payable	183,284	15,199	-	-	-	198,483
Subscription payable	-	-	-	-	-	-
Town proportionate share of Regional School District No. 11 outstanding debt	-	-	-	-	-	-
Authorized but unissued debt	-	-	-	-	-	-
Total indebtedness	<u>183,284</u>	<u>15,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,483</u>
Debt limitation in excess of outstanding an authorized debt	<u>\$ 9,690,272</u>	<u>\$ 19,731,912</u>	<u>\$ 16,455,926</u>	<u>\$ 14,261,803</u>	<u>\$ 13,164,741</u>	<u>\$ 30,519,246</u>

Stephen T. Hopkins, CPA, PC

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

Board of Finance
Board of Selectmen
Town of Hampton, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Hampton, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Hampton, Connecticut's basic financial statements, and have issued our report thereon dated January 30, 2026.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We do not consider the significant deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item number 2025-01 to be a significant deficiency.

Report on Compliance and Other Matters

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

The Town of Hampton, Connecticut's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Hampton, Connecticut's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town of Hampton, Connecticut's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
January 30, 2026

Town of Hampton, Connecticut
Schedule of Findings and Questioned Costs
June 30, 2025

2025-01 - Grants Management

Finding:

This is a new finding and it is considered a significant deficiency in internal control over financial reporting.

Criteria:

The management of the Town is responsible for implementing and maintaining a system of internal controls for which the design of the system would allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis in addition to ensuring that the assets of the Town are being safeguarded.

Condition and context:

The Town receives a number of grants and awards from a number of different funding sources for a number of different purposes. The Town accounts for these grants either with revenue and expenditure accounts or liability accounts within the general fund or the capital non-recurring fund depending on the funding source and purpose. During the current fiscal year audit, recorded grant related activity such as revenues and expenditures were reviewed and compared to either the grant or award documentation or other backup documentation to ensure that the funds were being used and the expenditures categorized in accordance with the parameters outlined within the grant or award agreements. There did not appear to be an adequate system of internal controls in place to ensure that all of the grant and award balances and activity of the Town related to adequate backup documentation and that claimed expenditures related to the grant period and budget categories included in the grant and award agreements.

During the current fiscal year the Town received a portion of a grant that was awarded by the State Department of Education to another municipality for the shared costs of the Town and this municipality in relation to the potential of having a shared cooperative combined grammar school between the Town and this municipality. The grant included a number of budget categories including salaries, purchased professional and technical services and other purchased services. The award period of the grant was from July 1, 2022 through December 31, 2025. The portion of this grant received by the Town was \$7,843 while the provided listing of expenditures incurred under this grant during this grant period was only \$89. Additional backup documentation was provided in relation to expenditures incurred under this grant but the documentation was not in any order that we were able to tie out to any additional amounts not originally included on the aforementioned listing.

Effect and cause:

Grants and awards are usually received to fund specific programs or projects and as such a reporting of this activity is often required to be submitted to the funding source to ensure that the funds have been expended in the manner and during the period in which they were prescribed in the grant or award agreement. If funds are expended in a manner or a period that does not match the parameters outlined in the award agreement then it would seem reasonable that a funding source may request a portion of the funds to be returned. Without an adequate system of controls in place to ensure that all grants and awards are being expended in the manner and during the period in which they were prescribed in the grant or award agreement the possibility of having to return grant funds creates doubt as to whether the assets of the Town are being adequately safeguarded.

We were unable to determine why adequate backup documentation in relation to this grant was not provided showing eligible expenditures incurred within the period of the grant and within the specific budget categories of the grant.

Recommendation:

We recommend that the Town more closely review and document expenditures relating to all grants and awards that may be received in order to ensure that there are eligible expenditures which were incurred during the period of the grant and within the specific budget categories of the grant. In situations in which potential differences may exist between the parameters outlined within the grant or award and the actual activity incurred, we would recommend contacting the funding source to determine if any such funds can be expended either for other activities or outside of the period of the grant or if the funds would need to be returned.

Views of responsible officials and planned corrective actions:

We have discussed this finding with our auditor and we do agree with the recommendations as described above. We do believe that the situation as described above relates solely to the grant described above and that the Town does in general have an adequate system of controls in place in relation to grants management.

Stephen T. Hopkins, CPA, PC

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

Board of Finance
Board of Selectmen
Town of Hampton, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Hampton, Connecticut's compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Hampton, Connecticut's major state programs for the year ended June 30, 2025. The Town of Hampton, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Hampton, Connecticut complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Hampton, Connecticut's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Hampton, Connecticut's compliance with the requirements of each major state program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Hampton, Connecticut, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Hampton, Connecticut's basic financial statements. We have issued our report thereon dated January 30, 2026, which contained unmodified opinions on those financial statements.

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

Stephen T. Hopkins, CPA, PC

Stephen T. Hopkins, CPA, PC

Scarborough, Maine
January 30, 2026

Town of Hampton, Connecticut
Schedule of Expenditures of State Financial Assistance
For the year ended June 30, 2025

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
<u>Connecticut State Library:</u>			
Historic Document Preservation	12060-CSL66094-35150		\$ 5,500
<u>Department of Economic and Community Development:</u>			
Small Town Economic Assistance Program Grant	12052-ECD46000-42411		67,000
<u>Department of Education:</u>			
Talent Development	11000-SDE64370-12552		230
Adult Education	11000-SDE64370-17030		1,255
After School Programs	11000-SDE64370-17084		50,000
<u>Department of Energy and Environmental Protection:</u>			
Recreation Trails Grant	12052-DEP43000-43314		16,260
<u>Department of Transportation:</u>			
Town Aid Road Grants	12001-DOT57131-17036		185,847
<u>Commission on Fire Prevention & Control:</u>			
PFAS Removal from Fire Apparatus Grant	11000-DPS32251-10020		9,075
<u>Office of Early Childhood:</u>			
Early Care and Education	11000-OEC64845-16274		77,400
School Readiness Quality Enhancement	11000-OEC64845-16158		3,881
<u>Office of Policy and Management:</u>			
Disabled Program	11000-OPM20600-17011		381
Property Tax Relief for Veterans	11000-OPM20600-17024		83
Tiered Payment in Lieu of Taxes	12002-OPM20600-17111		26,528
<u>Office of the Secretary of State:</u>			
Early Voting Grant	11000-SOS12500-12651		6,343
<u>Other Departments miscellaneous awards:</u>			
Other Expenses	11000-DRS16410-10020		20
Non-Budgeted Operating Appropriations	34001-JUD95162-40001		275
Total State Financial Assistance before Exempt Programs			<u>\$ 450,078</u>

Town of Hampton, Connecticut
Schedule of Expenditures of State Financial Assistance (continued)
For the year ended June 30, 2025

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Exempt Programs			
<u>Department of Education:</u>			
Education Equalization Grants Program 82010	11000-SDE64370-17041		\$ 1,058,408
<u>Office of Policy and Management:</u>			
Mashantucket Pequot Grant	12009-OPM20600-17005		8,881
Supplemental Revenue Sharing	12002-OPM20600-17102		<u>28,585</u>
Total Exempt Programs			<u>1,095,874</u>
Total Expenditures of State Financial Assistance		<u>\$ -</u>	<u>\$ 1,545,952</u>

Town of Hampton, Connecticut
Notes to Schedule of Expenditures of State Financial Assistance
For the year ended June 30, 2025

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Hampton, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2025. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including but not limited to education, transportation, tax relief, and library programs.

Note 1 - Summary of Significant Accounting Policies

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

Basis of Accounting:

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

Accrual Basis - Government-wide financial statements:

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

Modified Accrual Basis - Fund financial statements:

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

The expenditures reported on the Schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. Encumbrances have been included in the reported expenditures amount when incurred during the only or final year of an award agreement. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

The expenditures reported on the schedule for the Small Town Economic Assistance Program Grant in the amount of \$67,000 were incurred during the prior fiscal year but were inadvertently not included in the prior fiscal year schedule. These expenditures were included in the current fiscal year schedule and tested during the current fiscal year based on an inquiry made to the Office of Policy and Management.

Note 2 - Awards Passed Through to Subrecipients

There were no awards passed through to sub-recipients by the Town of Hampton, Connecticut for the year ended June 30, 2025.

Town of Hampton, Connecticut
Schedule of Findings and Questioned Costs
For the year ended June 30, 2025

I. Summary of Audit Results

Financial Statements:

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

State Financial Assistance:

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

Major State Programs and Percentage of Coverage:

- The following schedule reflects the major programs included in the audit. Sec. 4-230 of the Connecticut General Statutes states that a "major state program means any program, excluding an exempt program, determined to be a major state program by the independent auditor pursuant to the requirements of the risk based approach". Under step two of this process all Type A programs must be identified. Type A programs are nonexempt state programs with expenditures during the audit period equal to or exceeding the greater of \$300,000 or 3% of the Town of Hampton, Connecticut's total nonexempt state financial assistance expenditures. The Town of Hampton, Connecticut did not have any Type A programs for the current fiscal year based on this criteria and threshold. Therefore all of the Town's programs would be considered Type B programs. The Town had one Type B program for which a risk assessment must be performed considering the Type B programs with expenditures in excess of \$100,000.
- In accordance with Subpart C of the risk assessment procedures, the following considerations would be applied to the Type B programs of the Town to determine whether they should be considered high risk: Current and prior audit experience, oversight exercised by State agencies and pass-through entities and the inherent risk of the state program. The inherent risk of programs would relate in part to the complexity of the program and the extent to which the State program contracts for goods and services, the phase of a State program in its life cycle at the State agency or the auditee and the dollar value of the applicable transactions. The Town's one Type B program for which a risk assessment was required was determined to be high-risk and therefore was audited as a major program. The total non-exempt state financial assistance expended by the Town for the current audit period was \$450,078. The programs tested as major and shown below represent approximately 56% of the total non-exempt state financial assistance expended.

State grantor and program	State grant program Core-CT number	Expenditures
Town Aid Road Grants	12001-DOT57131-17036	\$ 185,847
Small Town Economic Assistance Program Grant	12052-ECD46000-42411	67,000
		<u>\$ 252,847</u>

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Town of Hampton, Connecticut
Schedule of Findings and Questioned Costs (continued)
For the year ended June 30, 2025

II. Financial Statement Findings

- We issued our report, dated January 30, 2026, on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on internal control over financial reporting indicated one significant deficiency. The details of this significant deficiency can be found in the schedule of findings and questioned costs labeled as item number 2025-01 on page 63. We do not consider this significant deficiency to be a material weakness.
- Our report on compliance and other matters disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

III. State Financial Assistance Findings and Questioned Costs

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

IV. Summary Schedule of Prior Audit Findings

- Financial Statement Findings:

There were no findings and questioned costs related to the financial statements reported in the audit report for the Town of Hampton, Connecticut for the fiscal year ended June 30, 2024.

- State Program Findings:

There were no findings and questioned costs related to state financial assistance award programs reported in the audit report for the Town of Hampton, Connecticut for the fiscal year ended June 30, 2024.