

TOWN OF BRANFORD, CONNECTICUT

FINANCIAL STATEMENTS
JUNE 30, 2018

TOWN OF BRANFORD, CONNECTICUT
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Independent Auditors' Report

To the Board of Finance
Town of Branford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2018, the Town of Branford, Connecticut, adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net position of the Town of Branford, Connecticut, has been restated to recognize the net other postemployment benefit liability in accordance with GASB No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Branford, Connecticut, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated February 22, 2018, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2017 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2017 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2017 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019 on our consideration of the Town of Branford, 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 Branford, 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 Branford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 27, 2019

**TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2018. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- Net position of our governmental activities increased by \$7,656.
- During the year, the Town had expenses that were \$7,656 less than the \$135,247 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$127,591 with no major programs added this year. The General Fund reported a fund balance this year of \$30,626.
- The resources available for appropriation were \$5,858 more than budgeted for the General Fund. Expenditures were \$3,072 less than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

In the statement of net position and the statement of activities, the Town reports its activities:

- *Governmental activities* - The Town's basic services are reported here, including education, public safety, public works and highway, parks, recreation and libraries, health and human services, pension and insurance, and general administration. Property taxes, charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from a year ago, increasing from \$138,254 to \$145,909. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2018	2017 (As Restated)
Current assets	\$ 98,188	\$ 93,118
Capital assets, net of accumulated depreciation	135,208	131,146
Total assets	<u>233,396</u>	<u>224,264</u>
Deferred outflows of resources	<u>9,048</u>	<u>10,470</u>
Long-term debt outstanding	82,506	75,897
Other liabilities	7,922	11,741
Total liabilities	<u>90,428</u>	<u>87,638</u>
Deferred inflows of resources	<u>6,107</u>	<u>8,842</u>
Net Position:		
Net investment in capital assets	95,437	95,413
Restricted	343	322
Unrestricted	<u>50,129</u>	<u>42,519</u>
Total Net Position	<u>\$ 145,909</u>	<u>\$ 138,254</u>

The Town experienced an increase in net position of its governmental activities of 5.5% as compared to the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$42,519 at June 30, 2017 to \$50,629 at the end of this year.

The change in unrestricted governmental net position primarily reflects the growth in current assets.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$ 10,673	\$ 9,919
Operating grants and contributions	20,367	18,982
Capital grants and contributions	510	152
General revenues:		
Property taxes	101,858	97,402
Grants and contributions not restricted to specific programs	674	1,239
Unrestricted investment earnings	853	377
Other general revenues	312	371
Total revenues	<u>135,247</u>	<u>128,442</u>
Program expenses:		
General government	12,549	6,380
Public safety	21,866	20,684
Public works and highway	13,854	13,645
Parks, recreation and libraries	4,292	4,308
Health and human services	3,046	3,317
Education	71,230	70,432
Interest debt service	754	588
Total program expenses	<u>127,591</u>	<u>119,354</u>
Increase in Net Position	<u>\$ 7,656</u>	<u>\$ 9,088</u>

The Town's total revenues were \$135,247 while the cost of all programs and services totaled \$127,591. Our analysis, which follows, considers the operations of governmental activities.

Governmental Activities

The largest single component of governmental activity is the General Fund. Total revenues were \$5,858 higher than budgeted. Of this amount, \$1,987 resulted from strong current and delinquent property tax collections from prior levies that include interest and penalties. Taxes on the current levy exceeded the budget by \$1,306. The town's decision not to rely on state assistance programs resulted in a positive balance for intergovernmental revenue of \$2,558. In addition, revenues from licenses, permits and fees exceeded the budget by \$619 primarily due to real estate conveyance fees and ambulance revenue. Rising rates on investments drove interest income to exceed estimates by \$429. Other income exceeded the budget by \$266 primarily due to better than anticipated results from employee insurance co-pays.

Expenditures were \$3,072 less than anticipated. The primary factor contributing to the expenditure balance relate to the approved state budget negating the need for municipal contributions to the State Teachers Retirement Board. Additionally, lower than anticipated costs for contingency transfers, police extra duty, municipal solid waste fees combined with vacancies resulting in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 12,549	\$ 6,380	\$ 10,583	\$ 4,260
Public safety	21,866	20,684	18,443	17,249
Public works and highway	13,854	13,645	8,559	8,680
Parks, recreation and libraries	4,292	4,308	3,569	3,593
Health and human services	3,046	3,317	1,414	2,012
Education	71,230	70,432	52,721	53,922
Interest and debt service	754	588	753	585
Total	\$ 127,591	\$ 119,354	\$ 96,042	\$ 90,301

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$55,836, which is a significant increase from last year's total of \$46,972. The primary reason for the increase is the reduction in the assigned fund balance combined with positive operating results. (See Economic Factors and Next Year's Budget and Rates).

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$108,741. Unexpended appropriations in general government, public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$3,072. Revenues were \$5,858 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates and receipt of non-recurring revenue items.

The Town's General Fund balance of \$30,626 reported on Exhibit IV is comprised of four categories: Non-spendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the Town had \$135,208 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$4,061 or 3%, over last year. This increase primarily reflects construction in progress increases associated with the construction of the Community Center and the renovation of the Walsh Intermediate School. Other projects included in the increase are the Shoreline Greenway Trail, the completion of the track at Branford High School and a land purchase associated with the Community Center Project. The cumulative value of these additions exceeded the combined reductions associated with depreciation and asset dispositions.

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

	Governmental Activities	
	2018	2017
Land	\$ 16,856	\$ 16,679
Intangible assets	597	597
Land improvements	2,499	1,534
Buildings	71,286	71,864
Machinery and equipment	8,067	8,269
Construction in progress	11,704	6,949
Infrastructure	24,199	25,255
Total	\$ <u>135,208</u>	\$ <u>131,147</u>

The Town has implemented the provisions of the GASB Statement No. 34, which require the reporting of infrastructure assets acquired prior to July 1, 2002.

Currently, the Town is leasing space for the public works operation while contemplating the need for a permanent site. Improvements to sewer pump stations and improvements to the Harbor Street Culvert will be completed in 2019. As noted above, the Town is undertaking major improvements to the Community Center along with a renovation to the Walsh Intermediate School. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2018, the Town had \$38,087 in bonds and notes outstanding versus \$29,988 last year - an increase of \$8,099 or approximately 27%. The Town anticipates increasing the long-term debt in future years to finance library improvements, the aforementioned school renovations, and community center.

The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$685 million.

Other obligations include net pension liability, risk management claims, capital leases, accrued vacation pay and sick leave (compensated absences). More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when adopting the fiscal year 2018-2019 budget and corresponding tax rates. As noted in the previous report, 2017-2018 budget sought to insulate the taxpayers from the severe fiscal challenges facing the state by adopting worst case revenue and expenditure estimates and appropriating \$6,425,000 from the Town's undesignated fund balance.

Fortunately, the worst case scenario did not materialize, and conditions appeared to stabilize during the development of the 2018-2019 budget. Therefore, the town sought to use this brief respite as an opportunity to limit the 2018-2019 tax increase so that the cumulative increase of the last two years would be moderate.

Additionally, the Town leaders adhered to their fundamental budget guidelines as a basis for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$112,080,371 for 2018-2019, which represents an increase of \$267,396 or 0.2% as compared to the 2017-2018 amended budget. Increased property taxes of approximately \$1.27 million combined with a \$2.8 million appropriation from fund balance will supplement nontax revenues.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department, Town of Branford, P.O. Box 150, and 1019 Main Street, Branford, Connecticut 06405 or visit the Branford's website at www.Branford-ct.gov.

TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 78,219,835
Investments	10,579,850
Receivables, net	9,255,113
Inventory	16,436
Prepaid items	116,554
Capital assets not being depreciated	29,156,914
Capital assets being depreciated, net of accumulated depreciation	106,051,152
Total assets	<u>233,395,854</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	8,456,639
Deferred outflows related to OPEB	297,578
Deferred charge on refunding	293,477
Total deferred outflows of resources	<u>9,047,694</u>
Liabilities:	
Accounts and other payables	6,229,830
Unearned revenue	1,189,431
Other	502,273
Noncurrent liabilities:	
Due within one year	8,836,280
Due in more than one year	73,669,572
Total liabilities	<u>90,427,386</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	332,521
Advance property tax collections	5,774,141
Total deferred inflows of resources	<u>6,106,662</u>
Net Position:	
Net investment in capital assets	95,437,127
Restricted for Trusts:	
Expendable	242,819
Nonexpendable	100,420
Unrestricted	<u>50,129,134</u>
Total Net Position	<u>\$ 145,909,500</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 12,549,098	\$ 1,446,670	\$ 158,337	\$ 360,975	\$ (10,583,116)
Public safety	21,866,186	3,055,965	367,699		(18,442,522)
Public works and highway	13,854,498	4,090,286	1,055,655	149,263	(8,559,294)
Parks, recreation and libraries	4,291,775	423,027	300,032		(3,568,716)
Health and human services	3,046,304	514,755	1,117,931		(1,413,618)
Education	71,229,690	1,141,986	17,366,757		(52,720,947)
Interest expense	753,720		383		(753,337)
Total	\$ 127,591,271	\$ 10,672,689	\$ 20,366,794	\$ 510,238	(96,041,550)
General revenues:					
Property taxes					101,857,940
Grants and contributions not restricted to specific programs					674,069
Unrestricted investment earnings					852,885
Miscellaneous					312,216
Total general revenues					<u>103,697,110</u>
Change in net position					7,655,560
Net Position at Beginning of Year, as Restated					<u>138,253,940</u>
Net Position at End of Year					<u>\$ 145,909,500</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 33,659,952	\$ 10,035,962	\$ 4,121,989	\$ 7,879,347	\$ 55,697,250
Investments	9,662,953			916,897	10,579,850
Receivables, net	6,247,389	540,599	336,880	1,606,598	8,731,466
Due from other funds		5,025,227		96,002	5,121,229
Inventories				16,436	16,436
Other assets	<u>16,554</u>				<u>16,554</u>
Total Assets	<u>\$ 49,586,848</u>	<u>\$ 15,601,788</u>	<u>\$ 4,458,869</u>	<u>\$ 10,515,280</u>	<u>\$ 80,162,785</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,765,579	\$ 2,486,897	\$ 26	\$ 478,940	\$ 5,731,442
Due to other funds	4,021,229		1,100,000		5,121,229
Unearned revenue	721,295	114,927		353,209	1,189,431
Other	<u>502,273</u>				<u>502,273</u>
Total liabilities	<u>8,010,376</u>	<u>2,601,824</u>	<u>1,100,026</u>	<u>832,149</u>	<u>12,544,375</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,621,428				3,621,428
Unavailable revenue - interest on property taxes	1,555,185				1,555,185
Unavailable revenue - special assessments			336,880	202,982	539,862
Unavailable revenue - loans receivable				292,044	292,044
Advance property tax collections	<u>5,774,141</u>				<u>5,774,141</u>
Total deferred inflows of resources	<u>10,950,754</u>	<u>-</u>	<u>336,880</u>	<u>495,026</u>	<u>11,782,660</u>
Fund Balances:					
Nonspendable	16,554			116,856	133,410
Restricted		12,999,964	3,021,963	4,719,851	20,741,778
Committed	94,468			4,351,398	4,445,866
Assigned	3,390,015				3,390,015
Unassigned	<u>27,124,681</u>				<u>27,124,681</u>
Total fund balances	<u>30,625,718</u>	<u>12,999,964</u>	<u>3,021,963</u>	<u>9,188,105</u>	<u>55,835,750</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 49,586,848</u>	<u>\$ 15,601,788</u>	<u>\$ 4,458,869</u>	<u>\$ 10,515,280</u>	<u>\$ 80,162,785</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

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

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

Fund balances - total governmental funds (Exhibit III)	\$	55,835,750
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	269,393,679	
Less accumulated depreciation		<u>(134,185,613)</u>	
Net capital assets			135,208,066

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

Property tax receivables greater than 60 days	3,621,428
Interest receivable on property taxes	1,555,185
Assessments receivable	539,862
Housing loans receivable	292,044
Deferred outflows relating to pensions	8,456,639
Deferred outflows relating to OPEB	297,578

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

18,918,473

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

Net pension liability	(19,443,659)
Net OPEB liability	(14,438,393)
Deferred inflows relating to pensions	(332,521)
Bonds and notes payable	(38,086,596)
Interest payable on bonds and notes	(347,575)
Compensated absences	(2,893,938)
Notes payable	(500,000)
Bond premium	(1,977,820)
Deferred charge on refunding	293,477
Landfill	<u>(1,088,500)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u>145,909,500</u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 101,530,521	\$	\$	\$	\$ 101,530,521
Assessments and interest			246,201	2,661,962	2,908,163
Intergovernmental	14,347,991	308,044		5,708,111	20,364,146
Charges for services	4,114,526			2,853,859	6,968,385
Income on investments	604,138	41,480	13,826	57,166	716,610
Miscellaneous	1,496,209	321,955		398,748	2,216,912
Total revenues	<u>122,093,385</u>	<u>671,479</u>	<u>260,027</u>	<u>11,679,846</u>	<u>134,704,737</u>
Expenditures:					
Current:					
General government	5,101,621	65,055		113,523	5,280,199
Public safety	12,192,083			595,593	12,787,676
Public works and highway	5,178,734		3,634	3,838,194	9,020,562
Parks, recreation and libraries	2,742,330	41,330		353,748	3,137,408
Health and human services	633,721			2,143,496	2,777,217
Education	67,243,333			4,276,962	71,520,295
Pension and insurance	13,775,472				13,775,472
Capital outlay		15,637,942			15,637,942
Debt service	8,086,493				8,086,493
Total expenditures	<u>114,953,787</u>	<u>15,744,327</u>	<u>3,634</u>	<u>11,321,516</u>	<u>142,023,264</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,139,598</u>	<u>(15,072,848)</u>	<u>256,393</u>	<u>358,330</u>	<u>(7,318,527)</u>
Other Financing Sources (Uses):					
Transfers in	648,814	3,866,527		1,786,981	6,302,322
Transfers out	(5,180,330)			(1,121,992)	(6,302,322)
Proceeds from bond issuance		15,000,000			15,000,000
Note payable proceeds		500,000			500,000
Bond premiums	681,662				681,662
Total other financing sources (uses)	<u>(3,849,854)</u>	<u>19,366,527</u>	<u>-</u>	<u>664,989</u>	<u>16,181,662</u>
Net Change in Fund Balances	3,289,744	4,293,679	256,393	1,023,319	8,863,135
Fund Balances at Beginning of Year	<u>27,335,974</u>	<u>8,706,285</u>	<u>2,765,570</u>	<u>8,164,786</u>	<u>46,972,615</u>
Fund Balances at End of Year	<u>\$ 30,625,718</u>	<u>\$ 12,999,964</u>	<u>\$ 3,021,963</u>	<u>\$ 9,188,105</u>	<u>\$ 55,835,750</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ 8,863,135

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	9,441,332
Depreciation expense	(5,377,391)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (2,343)

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

School building grant receipts	(19,111)
Property tax receivable - accrual basis change	218,231
Property tax interest and lien revenue - accrual basis change	109,188
Sewer assessment receivable - accrual basis change	194,795
Housing loans receivable	(97,284)
Change in deferred outflows relating to pensions	(1,246,570)
Change in deferred outflows relating to OPEB	297,578

Change in pension and OPEB assets and liabilities:

Change in net OPEB liability	112,990
Change in net pension liability	(28,984)

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

Bonds issued	(15,000,000)
Bond and note principal payments	6,901,519
Capital lease payments	71,013
Note payable issuance	(500,000)
Bond issuance premium	(681,662)

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

Compensated absences	1,210,441
Accrued interest	(6,619)
Amortization of deferred charge on refunding	(76,055)
Amortization of bond premiums	442,915
Change in deferred inflows relating to pensions	(258,973)
Landfill post closure care	40,000

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

3,047,415

Change in Net Position of Governmental Activities (Exhibit II)

\$ 7,655,560

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2018**

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 22,522,585
Accounts receivable	599,153
Prepaid expenses	<u>100,000</u>
Total assets	<u>23,221,738</u>
Liabilities:	
Accounts and other payables	226,319
Risk management claims	<u>4,076,946</u>
Total liabilities	<u>4,303,265</u>
Net Position:	
Unrestricted	<u>\$ 18,918,473</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities
	Internal Service Funds
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 15,982,558
Other	551,583
Total contributions	<hr/> 16,534,141
Operating Expenses:	
Benefit claims	11,758,693
Claims administration	1,864,308
Total operating expenses	<hr/> 13,623,001
Operating Income	2,911,140
Nonoperating Revenue:	
Income on investments	<hr/> 136,275
Change in Net Position	3,047,415
Net Position at Beginning of Year	<hr/> 15,871,058
Net Position at End of Year	\$ <u><u>18,918,473</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 17,194,305
Cash payments to providers of benefits and administration	<u>(14,320,491)</u>
Net cash provided by (used in) operating activities	2,873,814
Cash Flows from Investing Activities:	
Income on investments	<u>136,275</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,010,089
Cash and Cash Equivalents at Beginning of Year	<u>19,512,496</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 22,522,585</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 2,911,140
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	660,164
(Increase) decrease in prepaid expenses	(100,000)
Increase (decrease) in accounts payable	<u>(597,490)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 2,873,814</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018**

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 1,811,791	\$ 1,756,860
Investments	39,046,847	
Accounts receivable	<u>13,106</u>	
Total assets	<u>40,871,744</u>	<u>\$ 1,756,860</u>
Liabilities:		
Accounts payable	5,708	\$
Due to students and others	<u> </u>	<u>1,756,860</u>
Total liabilities	<u>5,708</u>	<u>\$ 1,756,860</u>
Net Position:		
Held in Trust for Pension or Retiree Benefits	<u>\$ 40,866,036</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Pension and Other Employee Benefit Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 4,216,510
Plan members	211,005
Other	64,570
Total contributions	<u>4,492,085</u>
Net investment income	<u>1,501,197</u>
Total additions	<u>5,993,282</u>
Deductions:	
Benefits	2,720,150
Administration	26,280
Total deductions	<u>2,746,430</u>
Net Increase in Net Position	3,246,852
Net Position at the Beginning of Year	<u>37,619,184</u>
Net Position at the End of Year	<u><u>\$ 40,866,036</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town is incorporated under the provisions of the Statutes of the State of Connecticut. The Town operates under a Representative Town Meeting/Board of Selectmen form of Government and provides the following services as authorized by its Charter: Administrative, Public Safety, Public Works, Health and Welfare, Recreation, Libraries, Education and Public Improvements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities. The major sources of revenue for this fund are capital grants and the issuance of general obligation bonds.

The Sewer Assessment Fund is used to account for the financial resources related to the sewer assessment projects. The major source of revenue for this fund is sewer assessment charges.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for the self-insured activities of the Town.

The Pension and Other Employee Benefit Trust Funds account for the activities of the Branford Retirement System, which accumulates resources for pension benefit payments to qualified Town employees and accounts for the retiree health benefits provided by the Town, which accumulates resources for retiree health insurance payments to qualified retirees.

The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

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

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

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

D. Deposits and Investments

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 3.

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

Property taxes are assessed as of October 1 and billed the following July. Property taxes are payable in two installments on July 1 and January 1. Automobile levies and amounts under \$100 are due in one installment. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1-1/2% per month. Assessments for real and personal property, excluding motor vehicles, are computed at 70% of the market value. Unpaid balances at June 30 are liened.

F. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

G. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is not included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	45
Land improvements	20
Infrastructure	20-60
Vehicles	6-12
Office equipment	7-10
Computer equipment	5-7

H. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet, and deferred inflows of resources related to pensions in the government wide statement of net position. A deferred inflow of resources related to pension results

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

from differences between expected and actual experience differences between actual and projected investment earnings or other inputs. These amounts are deferred and included in pension expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest on property taxes, special assessments, loans receivable and advanced tax collections. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

Unused sick leave may be accumulated for certain employees up to a limit ranging from 50 to 225 days, depending upon the contracts in force, for each department in the Town until termination, retirement or death, at which time payments will be made. The liability is reported in the government-wide statement of net position. Payments at termination are charged to the General Fund.

J. Long-Term Obligations

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

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

K. Net OPEB Liability

The net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The OPEB plan's fiduciary net position is determined using the same valuation methods that are used by the OPEB plan for purposes of preparing its statement of fiduciary net position. The net OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

L. Net Pension Liability

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

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

Net position is restricted because of externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Town currently has no assets under restriction.

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board of Finance).

Assigned Fund Balance

This represents amounts constrained for the intent to be used for a specific purpose by the First Selectman.

Unassigned Fund Balance

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

N. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during the reporting period. Actual resulted could differ from those estimates.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

O. New Accounting Standards Adopted

Effective for the year ended June 30, 2018, the Town adopted a new statement of financial accounting standards issued by the Governmental Accounting Standards Board:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, expands disclosure and reporting requirements for postemployment benefits and requires that the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) be recorded in addition to any associated deferred outflows/inflows. The expanded disclosure is included in Note 12 and in the required supplemental information schedules. Restatements recorded as a result of the implementation are detailed further at Note 15.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

A budget for the General Fund and certain Special Revenue Funds are authorized annually by the Town. The Board of Finance recommends and the Representative Town Meeting (RTM) approves the budget.

The Town adheres to the following procedures in establishing the budgetary data reported in the financial statements for the General Fund and specific Special Revenue Funds (Sewer Assessment, Water Assessment, Open Space Fund, Board of Education Program Fund and Day Care). As required by Town Charter, the Board of Finance holds a public hearing to review and discuss the proposed annual Town budget no later than two weeks before the Annual Budget Meeting of the RTM. The Board of Finance then recommends and submits a formal annual appropriations budget to the RTM. The RTM must take action on the adoption of the appropriations recommended by the Board of Finance at the Annual Budget Meeting, which must be held no later than the Friday following the second Tuesday of May. Thereafter, but no later than June 1, the Board of Finance shall determine the rate of taxation for the ensuing fiscal year.

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were no supplemental appropriations for the year ended June 30, 2018.

All unencumbered appropriations lapse at year end, except for those in the Capital Projects Fund. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restricted, committed or assigned fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net 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 particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$20,653,975 of the Town’s bank balance of \$36,331,949 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,754,237
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name, and amounts held by third-party banks in the Town’s name	<u>15,899,738</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>20,653,975</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Cash Equivalents

At June 30, 2018, the Town's cash equivalents amounted to \$57,021,273. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	Standard & Poor's
State Short-Term Investment Fund (STIF)	AAAm

Investments

As of June 30, 2018, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1-10</u>	<u>Greater Than 10</u>
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 4,885,164	\$ 4,237,690		\$ 647,474
Other debt securities	AAA	1,615,853		462,177	1,153,676
Municipal bonds	AA	797,025		797,025	
Corporate bonds	A-AAA	6,339,421	551,335	5,323,907	464,179
Corporate bonds	B-BBB-	170,047		170,047	
Corporate bonds	Not-rated	5,012		5,012	
Certificates of deposit*	N/A	10,219,108	<u>7,074,067</u>	<u>3,145,041</u>	
Subtotal			<u>\$ 7,625,402</u>	<u>\$ 14,140,899</u>	<u>\$ 2,265,329</u>
Other investments:					
Common stock	N/A	2,002,457			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	<u>23,592,610</u>			
Total		<u>\$ 49,626,697</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 4,885,164	\$ 4,885,164	\$	\$
U.S. Government agencies	1,615,853		1,615,853	
Corporate bonds	7,311,505		7,311,505	
Common stock	2,002,457	2,002,457		
Mutual funds	23,592,610	23,592,610		
Total investments by fair value level	39,407,589	\$ 30,480,231	\$ 8,927,358	\$ -
Certificates of deposit	10,219,108			
Total Investments	\$ 49,626,697			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Commercial and residential mortgage-backed securities classified in Level 3 are valued using discounted cash flow techniques. Collateralized debt obligations classified in Level 3 are valued using consensus pricing.

Interest Rate Risk

The Town does not have a formal investment policy over pension investments that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town's policy over nonpension investments limits the dollar-weighted average portfolio maturity to one year, and it limits individual maturities to five years.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

The Town's investment policy does not allow for an investment in any one private corporation debt issuer that is in excess of 5% of the Town's total investments.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2018, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,555,181	\$	\$	\$	\$ 1,555,181
Taxes	4,477,786				4,477,786
Accounts	528,878			698,302	1,227,180
Special assessments			336,880	196,446	533,326
Intergovernmental	199,161	540,599		1,032,065	1,771,825
Loans				292,044	292,044
Gross receivables	<u>6,761,006</u>	<u>540,599</u>	<u>336,880</u>	<u>2,218,857</u>	<u>9,857,342</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 6,247,389</u>	<u>\$ 540,599</u>	<u>\$ 336,880</u>	<u>\$ 2,218,857</u>	<u>\$ 9,343,725</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 16,679,378	\$ 177,100	\$	\$	\$ 16,856,478
Intangible assets	596,800				596,800
Construction in progress	6,948,791	7,814,069	(3,059,224)		11,703,636
Total capital assets not being depreciated	<u>24,224,969</u>	<u>7,991,169</u>	<u>(3,059,224)</u>	<u>-</u>	<u>29,156,914</u>
Capital assets being depreciated:					
Buildings and improvements	117,268,635		2,094,829		119,363,464
Improvements other than buildings	2,864,503	150,515	964,395		3,979,413
Machinery and equipment	28,065,718	1,168,360		(1,606,292)	27,627,786
Infrastructure	89,134,814	131,288			89,266,102
Total capital assets being depreciated	<u>237,333,670</u>	<u>1,450,163</u>	<u>3,059,224</u>	<u>(1,606,292)</u>	<u>240,236,765</u>
Less accumulated depreciation for:					
Buildings and improvements	45,405,114	2,672,660			48,077,774
Improvements other than buildings	1,330,830	149,993			1,480,823
Machinery and equipment	19,797,007	1,367,456		(1,603,949)	19,560,514
Infrastructure	63,879,220	1,187,282			65,066,502
Total accumulated depreciation	<u>130,412,171</u>	<u>5,377,391</u>	<u>-</u>	<u>(1,603,949)</u>	<u>134,185,613</u>
Total capital assets being depreciated, net	<u>106,921,499</u>	<u>(3,927,228)</u>	<u>3,059,224</u>	<u>(2,343)</u>	<u>106,051,152</u>
Governmental Activities Capital Assets, Net	<u>\$ 131,146,468</u>	<u>\$ 4,063,941</u>	<u>\$ -</u>	<u>\$ (2,343)</u>	<u>\$ 135,208,066</u>

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

Governmental activities:	
General government	\$ 161,968
Public safety	913,576
Public works	2,529,484
Parks, recreation and libraries	98,805
Health and welfare	46,794
Education	<u>1,626,764</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,377,391</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Active Capital Projects

The Town has active projects as of June 30, 2018. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Tabor Drive Acquisition	\$ 13,875,000	\$ 13,844,478	\$	\$ 30,522
Fire Headquarters	12,500,000	12,489,278		10,722
Radio Control System Upgrade	1,650,000	1,634,711		15,289
School Ground Road Bridge	4,975,000	4,198,523		776,477
Land Acquisition Fund	1,110,276	1,101,517		8,759
Transfer Station Overhead Doors	200,535	200,535		-
Pump Station Upgrades	2,500,000	2,003,371	226	496,403
Harbor Street Culvert Repairs	2,100,000	305,994	1,367,091	426,915
Stony Creek Dredging	15,000	14,577		423
Community Center Improvements	12,115,000	4,786,957	6,988,372	339,671
Branford Hills Demolition	300,000	294,330	2,500	3,170
BHS Track and Field Improvements	900,000	900,000		-
Branford High School Roof	79,000	79,000		-
BOE Bathroom Renovations	150,000	103,483		46,517
Walsh Intermediate School Renovations	88,200,000	5,427,368	68,916,852	13,855,780
Linden Avenue Shoreline Stabilization	1,200,000	21,619	64,075	1,114,306
Branford High School Locker Room Renovation	300,000			300,000
Energy Performance Contract	6,000,000	4,651,921	1,242,731	105,348
Indian Neck Firehouse Renovations	1,500,000	61,378	5,811	1,432,811
James Blackstone Memorial Library Renovations	5,245,000	1,617		5,243,383

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2018 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 96,002
Capital Projects Fund	General Fund	3,925,227
Capital Projects Fund	Sewer Assessment Fund	<u>1,100,000</u>
Total		<u>\$ 5,121,229</u>

All interfund receivables and payables are the result of regularly recurring transactions and represent temporary balances.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Interfund transfers:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Governmental	Total Transfers Out
Transfers out:				
General Fund	\$	\$	\$	\$
Nonmajor Governmental	648,814	3,393,349 473,178	1,786,981	5,180,330 1,121,992
Total Transfers In	<u>\$ 648,814</u>	<u>\$ 3,866,527</u>	<u>\$ 1,786,981</u>	<u>\$ 6,302,322</u>

All transfers represent routine transactions that occur annually to move resources from one fund to another.

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 19,485,000	\$ 15,000,000	\$ 5,410,000	\$ 29,075,000	\$ 5,090,000
Clean water notes	10,503,115		1,491,519	9,011,596	1,521,624
Less deferred amounts:					
For issuance premiums	1,739,073	681,662	442,915	1,977,820	
Total bonds and notes payable	31,727,188	15,681,662	7,344,434	40,064,416	6,611,624
Landfill closure	1,128,500		40,000	1,088,500	40,000
Net pension liability	19,414,678	28,981		19,443,659	
Net OPEB liability	14,551,385	*	112,992	14,438,393	
Compensated absences	4,104,379	12,590	1,223,031	2,893,938	208,814
Risk management claims	4,181,316	11,758,693	11,863,063	4,076,946	1,850,842
Notes payable		500,000		500,000	125,000
Capital leases	71,013		71,013	-	
Total Governmental Activities Long-Term Liabilities	<u>\$ 75,178,459</u>	<u>\$ 27,981,926</u>	<u>\$ 20,654,533</u>	<u>\$ 82,505,852</u>	<u>\$ 8,836,280</u>

* As restated

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

A schedule of bonds and notes outstanding at June 30, 2018 is presented below:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2018</u>
General Obligation:				
School, 2.0-4.0%, mature in 2017	\$ 134,000	\$	\$ 134,000	\$ -
School, 2.0-4.0%, mature in 2017	425,000		425,000	-
School, 2.0-4.0%, mature in 2018	103,000		47,000	56,000
School, 2.0-5.0%, mature in 2022	1,233,000		174,000	1,059,000
School, 2.0-5.0%, mature in 2032	-	9,125,000		9,125,000
Public improvement sewer, 2.0-4.0%, mature in 2011	213,000		213,000	-
Public improvement sewer, 2.0-4.0%, mature in 2011	1,230,000		1,230,000	-
Public improvement sewer, 2.0-4.0%, mature in 2018	297,000		128,000	169,000
Public improvement sewer, 2.0-5.0%, mature in 2012	14,842,000		2,476,000	12,366,000
Public improvement, 2.0-4.0%, mature in 2032	-	4,975,000		4,975,000.00
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2018	725,000		300,000	425,000
Sewer, 2.0-4.0%, mature in 2017	283,000		283,000	-
Sewer, 2.0-4.0%, mature in 2032	-	900,000		900,000
Total Bonds	19,485,000	15,000,000	5,410,000	29,075,000
State of Connecticut, CWF, 2%, mature in 2019	-			-
State of Connecticut, CWF, 2%, mature in 2022	5,793,556		1,057,187	4,736,369
State of Connecticut, CWF, 2% mature in 2027	3,286,150		311,269	2,974,881
State of Connecticut, CWF, 2% mature in 2028	1,423,409		123,063	1,300,346
Total Bonds and Notes	\$ <u>29,988,115</u>	\$ <u>15,000,000</u>	\$ <u>6,901,519</u>	\$ <u>38,086,596</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The following is a summary of debt maturities for repayment of bonds and notes:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 6,611,624	\$ 1,117,609	\$ 7,729,233
2020	5,487,337	927,627	6,414,964
2021	5,483,670	737,663	6,221,333
2022	5,615,635	545,448	6,161,083
2023	3,869,855	352,177	4,222,032
2024-2028	6,968,475	843,340	7,811,815
2029-2033	4,050,000	219,813	4,269,813
Total	<u>\$ 38,086,596</u>	<u>\$ 4,743,677</u>	<u>\$ 42,830,273</u>

Clean Water Fund Notes

The Town is currently participating in a Capital Project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for “eligible water quality project costs.” The notes carry an interest rate of 2%.

General Obligation Bonds and Notes

All bonds and notes are classified as general obligations of the Town.

Bond Anticipation Notes

The following is a schedule of bond anticipation note activity for the year ended June 30, 2018:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
Board of Education Capital Projects	12/22/2016	9/21/2017	2.5	\$ 850,000	\$	\$ 850,000	\$ -
Branford Hills Demolition	12/22/2016	9/21/2017	2.5	100,000		100,000	-
Harbor Street Culvert	12/22/2016	9/21/2017	2.5	600,000		600,000	-
Community Center Design Improvements	12/22/2016	9/21/2017	2.5	110,000		110,000	-
Pump Station Renovations	12/22/2016	9/21/2017	2.5	845,000		845,000	-
Main Street Gateway	12/22/2016	9/21/2017	2.5	175,000		175,000	-
Linden Avenue Stabilization	12/22/2016	9/21/2017	2.5	125,000		125,000	-
Walsh Intermediate School Renovation	12/22/2016	9/21/2017	2.5	2,500,000		2,500,000	-
				<u>\$ 5,305,000</u>	<u>\$ -</u>	<u>\$ 5,305,000</u>	<u>\$ -</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

Category	(In Thousands)		
	Debt Limit	Indebtedness	Balance
General purpose	\$ 220,085	\$ 37,076	\$ 183,009
Schools	440,169	94,391	345,778
Sewers	366,808	10,437	356,371
Urban renewal	317,900		317,900
Pension deficit	293,446		293,446

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$684,708.

Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2018 were \$71,013. The capital lease was paid off during the year ended June 30, 2018, and the Town has no future minimum lease obligations as of June 30, 2018.

Notes Payable

The Town has entered into a multi-year note payable for the energy efficiency projects. Principal payments for 2018 were \$-0-. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities
2019	\$ 125,000
2020	125,000
2021	125,000
2022	125,000
Total minimum lease payments	500,000
Less amount representing interest	-
Present Value of Minimum Lease Payments	\$ 500,000

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

8. RISK MANAGEMENT

The Town is exposed to various risks of loss related including torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally obtains commercial insurance for these risks, but, as of July 1, 2000, has chosen to retain the risks for workers' compensation, heart and hypertension and medical claims. The Town's claims for risks covered by insurance have not exceeded covered losses during the past three years.

The Workers' Compensation Internal Service Fund is utilized to report the self-insurance activity. Workers Compensated Trust Services administers the plan, for which the Town pays a fee. The Town's general government and the Board of Education contribute based on estimates using historical data. The Town covers all claims up to \$600,000 per employee per year with a stop-loss policy covering amounts exceeding the limit.

The claims liability of \$1,757,684 reported in the Internal Service Fund at June 30, 2018 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2016-2017	\$ 1,264,244	\$ 1,740,476	\$ 1,053,026	\$ 1,951,694
2017-2018	1,951,694	777,195	971,205	1,757,684

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,347,262 at June 30, 2018 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2016-2017	\$ 1,172,864	\$ 132,466	\$ 100,708	\$ 1,204,622
2017-2018	1,204,622	315,153	172,513	1,347,262

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for medical, prescription drug costs and dental benefits. The claims liability of \$972,000 at June 30, 2018 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2016-2017	\$ 918,000	\$ 11,611,078	\$ 11,504,078	\$ 1,025,000
2017-2018	1,025,000	10,666,345	10,719,345	972,000

9. BULKY WASTE LANDFILL

The Town Landfill at the intersection of Tabor Drive and Marshall Road stopped accepting bulky waste from the Branford Transfer Station on June 29, 2012. State and federal laws and regulations require the Town to properly close and continually monitor the landfill, and each year the Town appropriates funds for these activities. Capping of the final acre of the landfill was started in FY 2012. Final cover has been applied to the total area of the landfill. In August 2015, DEEP accepted the Closure Certification Report and post-closure passive recreational use of the landfill.

Closure costs will be incurred in fiscal year 2017 as the retainage of the closure contract is dispersed to the contractor. The special programs fund contains the funds for the closure of the landfill, which had been annually appropriated; the balance of this account is currently \$242 including encumbrances.

The closure contract has a retainage of \$8,584. Associated engineering work including but not limited to the landfill gas investigation, permit compliance, construction assistance and closure certification report has been completed. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$40,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes, improvements to stormwater quality, landfill gas mitigation and any other additional requirements to comply with DEEP regulations may require additional appropriations throughout the life of the landfill.

A 77-acre parcel located north of the active landfill was purchased by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since control of the plume and of any off-site gas migration is required, environmental investigations and mitigation have begun on this property. The funds for the project on this adjoining acreage are provided by bond proceeds, which are separately addressed, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts have been mentioned in past notes. Routine quarterly testing of wells on this parcel are included in the postclosure monitoring costs.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover, Demolition and Grading Cost	\$ 8,500
Postclosure Care Costs (27 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	445,500
Monitoring Program, Groundwater, Methane and Stormwater (\$23,500 annually)	<u>634,500</u>
Total	<u>\$ 1,088,500</u>

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. General Fund balance for fiscal year ended June 30, 2018 as reflected in BRRFOC's financial statements is \$1.41 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

Under the Service Agreement, the service fee is an obligation of the Contracting Municipalities to which each has pledged its full faith and credit. Should any Contracting Municipality default in its obligation to pay the service fee, the other Contracting Municipalities shall have an obligation to continue to pay the aggregate service fee. If BRRFOC does not perform its obligations under the service agreement, and Ogden Corporation (now Covanta Bristol, Inc.) fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee.

By special legislation enacted in 2001, Special Act No. 01-10, *An Act to Permit the Bristol Resource Recovery Facility Operating Committee to Finance Projects and Refund Previously Issued Bonds*, BRRFOC is permitted to finance projects including additions, renovations or improvements to the Facility, recycling facility and similar activities required to provide solid waste and recycling services to the Contracting Municipalities. The total amount of bonds issued by BRRFOC and outstanding at any time cannot exceed \$100,000,000.

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

Plan Description and Benefits Provided

The Town is the administrator of two single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its police officers and to volunteer firefighters. The PERS are considered to be part of the Town's financial reporting entity and are included in the Town's financial reports as Pension Trust Funds.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the three defined benefit pension plans. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

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

Police Employees Retirement Plan

The Town provides police retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all regular members of the Police Department are eligible. Participants are 100% vested after five years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three years immediately prior to retirement multiplied by up to 33-1/3 years of service. Police officers are required to contribute 8.5% of their base salaries to the PERS. The Plan provides for automatic post-retirement increases on retiree pensions up to a maximum of 66-2/3% of pay. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Representative Town Meeting.

Volunteer Fire Department Pension Plan

The Town operates a Length of Service Awards Program for volunteer firefighters from date of membership to retirement date. Firefighters who were members prior to 1991 with at least ten years of service receive credit for five years of service. Members are required to fulfill a variety of requirements drills, calls, classes etc., to receive a year of credited service. Members receive a life annuity on the first day of the month coinciding with or next following the member’s 65th birthday provided the member has a minimum of ten years of service. The maximum monthly payout is \$350 per month.

Funding for the plan is based on the Entry Age Normal Cost Method. The unfunded liability is amortized over 30 years beginning in January 1999 and had 11 years remaining as of January 2018.

At July 1, 2017 and January 1, 2017, for the Police employees retirement plan and the volunteer fire department pension plan (date of latest valuations), plan membership consisted of the following, respectively:

	Police Employees Retirement Plan	Volunteer Fire Department Pension Plan
Retirees, disabled and beneficiaries currently receiving benefits	48	18
Terminated employees entitled to benefits but not yet receiving them	2	
Active plan members	35	208
Total Participants	85	226

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Investments

The Board of Finance revised the investment policy in 2013. The goals of the investment policy are to create a framework for a well-diversified asset mix that can be expected to generate long-term returns consistent with the Board’s risk tolerance. The asset allocation decisions are derived from an asset liability analysis, which matches six years of projected payouts with fixed income securities.

The balance of the portfolio is allocated among equities, real estate and commodities. The following chart reflects the target allocations as outlined in the policy:

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap	14.00%
U.S. Mid/Small Cap	12.00%
International Equities	5.00%
Emerging International Equities	6.00%
Core Bonds	45.00%
High-Yield Bonds	8.00%
Real Estate (Core)	8.00%
Cash	2.00%
	<hr/>
Total	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 3.42%, and 3.58% for the Police employee’s retirement plan and the volunteer fire department pension plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

The police employee’s retirement plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2018, seven officers have elected the DROP and the DROP balance was \$1,110,963.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2018 were as follows:

	<u>Police Employees Retirement Plan</u>	<u>Volunteer Fire Department Pension Plan</u>
Total pension liability	\$ 34,541,745	\$ 1,346,955
Plan fiduciary net position	<u>23,747,176</u>	<u>1,012,368</u>
Net Pension Liability	<u>\$ 10,794,569</u>	<u>\$ 334,587</u>
Plan fiduciary net position as a percentage of the total pension liability	68.75%	75.16%

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Actuarial Assumptions

Police Employees Retirement Plan

The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Scaled from 8.50% down to 2.5% based on years of service
Investment rate of return	6.5%, net of pension plan investment expense, including inflation

Retirement rates were based on a scale from 20% with 25 years of service to 100% with 40 years of service. Post-retirement mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 Blue Collar Mortality Table projected to the valuation date with Scale MP-2017.

Volunteer Fire Department Pension Plan

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates were based on the RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2017.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2018 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	5.00%
U.S. Mid/Small Cap	5.75%
International Equities	5.50%
Emerging International Equities	6.25%
Core Bonds	2.25%
High-Yield Bonds	3.50%
Real Estate (Core)	5.25%
Cash	0.75%

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Changes in the Net Pension Liability

	Police Employees Retirement Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 30,789,493	\$ 22,451,018	\$ 8,338,475
Changes for the year:			
Service cost	586,875		586,875
Interest on total pension liability	2,140,743		2,140,743
Differences between expected and actual experience	1,920,908		1,920,908
Changes in assumptions	706,596		706,596
Employer contributions		1,911,484	(1,911,484)
Member contributions		211,005	(211,005)
Net investment income (loss)		776,539	(776,539)
Benefit payments, including refund to employee contributions	(1,602,870)	(1,602,870)	-
Net changes	<u>3,752,252</u>	<u>1,296,158</u>	<u>2,456,094</u>
Balances as of June 30, 2018	<u>\$ 34,541,745</u>	<u>\$ 23,747,176</u>	<u>\$ 10,794,569</u>

	Volunteer Fire Department Pension Plan		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances as of June 30, 2017	\$ 1,286,599	\$ 936,327	\$ 350,272
Changes for the year:			
Service cost	20,274		20,274
Interest on total pension liability	86,666		86,666
Employer contributions		87,000	(87,000)
Net investment income (loss)		35,625	(35,625)
Benefit payments, including refund to employee contributions	(46,584)	(46,584)	-
Net changes	<u>60,356</u>	<u>76,041</u>	<u>(15,685)</u>
Balances as of June 30, 2018	<u>\$ 1,346,955</u>	<u>\$ 1,012,368</u>	<u>\$ 334,587</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Town, for the Police Employee Retirement Plan calculated using the discount rate of 6.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate, and for the Volunteer Fire Department Pension Plan calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Police Employees Retirement Plan	\$ 14,730,865	\$ 10,794,569	\$ 7,498,728
		Current Discount Rate (6.75%)	1% Increase (7.75%)
Volunteer Fire Department Pension Plan	\$ 558,469	\$ 334,587	\$ 152,690

Funding Status and Progress

Police officers are required to contribute 8.5% of base pay to the PERS. The Town is required to contribute the amounts necessary to finance the coverage for its employees as determined by its actuaries; the contribution rate for the current year was 6.0% of covered payroll.

The Town is required to contribute amounts to the Volunteer Fire Department pension trust fund necessary to finance the coverage of its members as determined by its actuaries.

Pension Plan Fiduciary Net Position

	<u>Pension Trust Funds</u>		
	<u>Police Pension Trust Fund</u>	<u>Volunteer Fire Department Pension Trust Fund</u>	<u>Total Pension Trust Funds</u>
Assets:			
Cash and cash equivalents	\$ 626,654	\$ 20,146	\$ 646,800
Investments	23,107,416	992,222	24,099,638
Accounts receivable	13,106		13,106
	<u>23,747,176</u>	<u>1,012,368</u>	<u>24,759,544</u>
Total assets			
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 23,747,176</u>	<u>\$ 1,012,368</u>	<u>\$ 24,759,544</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Changes in Pension Net Position

	Pension Trust Funds		
	Police Pension Trust Fund	Volunteer Fire Department Pension Trust Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Employer	\$ 1,911,484	\$ 87,000	\$ 1,998,484
Plan members	211,005		211,005
Total contributions	<u>2,122,489</u>	<u>87,000</u>	<u>2,209,489</u>
Net investment income	<u>776,539</u>	<u>35,625</u>	<u>812,164</u>
Total additions	2,899,028	122,625	3,021,653
Deductions:			
Benefits	<u>1,602,870</u>	<u>46,584</u>	<u>1,649,454</u>
Net Increase in Net Position	1,296,158	76,041	1,372,199
Net Position at the Beginning of Year	<u>22,451,018</u>	<u>936,327</u>	<u>23,387,345</u>
Net Position at the End of Year	<u>\$ 23,747,176</u>	<u>\$ 1,012,368</u>	<u>\$ 24,759,544</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

For the year ended June 30, 2018, the Town recognized pension expense of \$2,412,315. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Police Employees Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,452,394	\$ 255,277
Changes of assumptions	906,100	
Net difference between projected and actual earning on pension plan investments	<u>1,449,759</u>	
Total	<u>\$ 3,808,253</u>	<u>\$ 255,277</u>

	Volunteer Fire Department Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 27,868
Changes of assumptions	33,688	
Net difference between projected and actual earning on pension plan investments	<u>43,418</u>	
Total	<u>\$ 77,106</u>	<u>\$ 27,868</u>

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

<u>Year Ending June 30</u>	<u>Police Employees Retirement Plan</u>	<u>Volunteer Fire Department Pension Plan</u>
2019	\$ 1,421,757	\$ 20,543
2020	1,113,732	13,394
2021	790,908	4,562
2022	226,579	6,071
2023		288
Thereafter		4,380

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

B. Defined Contribution Plan

The Town established a defined contribution plan effective January 1, 2012 to provide benefits at retirement to police officers hired after 2011. Pursuant to the agreement, officers are required to contribute 8.5% of covered salary, which is matched by employer contributions of 5%. Employees are fully vested in employee contributions and are fully vested after ten years in employer contributions.

The value of the plan at June 30, 2018 is \$798,513. There were 22 participants as of June 30, 2018. Employee contributions and investment earnings through the fiscal year ended June 30, 2018 totaled \$501,074, while employer contributions and earnings totaled \$297,439. Plan provisions and contribution requirements are established by the pension agreement negotiated between the Town and police union and adopted by the Representative Town Meeting (RTM) in August 2011.

C. Municipal Employees' Retirement System

Plan Description

All full-time employees of the Town, except the Police Department employees, elected officials and certified teachers and administrators participate in the Municipal Employees' Retirement System (MERS). MERS is a cost-sharing multiple-employer public employee retirement system established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits to employees of participating municipalities. Chapters 7-425 to 7-451 of the State of Connecticut General Statutes, which can be amended by legislative action, establishes MERS benefits, member contribution rates and other plan provisions. MERS is considered to be part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports can be obtained at www.ct.gov.

Benefit Provisions

The plan provides retirement, disability and death benefits and annual cost-of-living adjustments to plan members and their beneficiaries. Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active noncontinuous aggregate service. In addition, compulsory retirement is at age 65 for police and fire members. Employees under the age of 55 are eligible to retire with 25 years of service under certain conditions.

Normal Retirement

For members not covered by social security, retirement benefits are calculated as 2% of the average of the three highest paid years of service times the years of service. For members covered by social security, retirement benefits are calculated as 1½% of the average of the three highest paid years of service not in excess of the year's breakpoint plus 2% of average of the three highest paid years of service in excess of the year's breakpoint, times years of service. The year's breakpoint is defined as \$10,700 increased by 6.0% each year after 1982, rounded to the nearest multiple of \$100. Maximum benefit is 100% of average final compensation and the minimum benefit is \$1,000 annually.

Early Retirement

Members must have 5 years of continuous or 15 years of active aggregate service. Benefits are calculated as a service retirement allowance on the basis of the average of the three highest paid years of service to the date of termination. Benefits are deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62, or a social security disability award is received, is computed as if the member is not under social security.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Nonservice Connected

This applies to employees who have 10 years of service and are totally and permanently disabled. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability.

Death Benefit

This applies to employees who are eligible for service, disability or early retirement and married for at least 12 months preceding death. Benefits are calculated based on the average of the three highest paid years of service and creditable service at date of death, payable to the spouse. Benefit is equal to 50% of the average of the life annuity allowance and reduced 50% joint and survivor allowance.

Contributions

Member

Contributions for members not covered by social security are 5% of compensation; for members covered by social security, 2¼% of compensation up to the social security taxable wage base plus 5%, if any, in excess of such base.

Employer

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

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

At June 30, 2018, the Town reports a liability of \$8,314,503 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2018, the Town's proportion was 3.35% percent. This represents an increase in proportion from June 30, 2017 of 0.13%.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

For the year ended June 30, 2018, the Town recognized pension expense of \$3,501,853. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 2,456,032	\$
Change in proportional share	135,196	49,376
Differences between expected and actual experience	947,904	
Net difference between projected and actual earnings on pension plan investments	<u>1,032,148</u>	
Total	<u>\$ 4,571,280</u>	<u>\$ 49,376</u>

Amounts reported as deferred outflows of resources related to Town contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30

2019	\$ 725,903
2020	1,336,997
2021	613,210
2022	<u>(610,238)</u>
Total	<u>\$ 2,065,872</u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increase	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Mortality Table for annuitants and nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future cost-of-living adjustments for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5%; the maximum is 6%.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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 class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (Non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town’s proportionate share of the net pension liability, calculated using the discount rate of 8.00%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town’s Proportionate Share of the Net Pension Liability (Asset)	\$ 20,492,142	\$ 8,314,503	\$ (1,936,352)

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

D. Teachers Retirement

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.

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

Employees are eligible for service-related disability benefits regardless of length of service. Five years of credited service is required for nonservice-related disability eligibility. Disability benefits are calculated as 2% of average annual salary times credited service to date of disability, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

Contributions

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

Employer (School Districts)

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

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

Employees

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

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>86,553,802</u>
Total	<u>\$ 86,553,802</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2018, the Town recognized pension expense and revenue of \$10,011,747 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increase	3.25-6.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increased rates (5% for females and 8% for males) over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum.

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

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
Core fixed income	7.0%	1.3%
Inflation linked bond fund	3.0%	1.0%
Emerging market bond	5.0%	3.7%
High yield bonds	5.0%	3.9%
Real estate	7.0%	5.1%
Private equity	11.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	6.0%	0.4%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

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.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

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.

12. OTHER POSTEMPLOYMENT BENEFITS

A. Retiree Health Plan

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Retiree Health Plan (RHP) are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs of the plan are paid by the Town.

Management of the post-employment benefits plan is vested with the Director of Finance. Policy oversight is provided by the Board of Finance consisting of six electors who hold no other office in the government and are taxpayers in the Town. The Board members are appointed by the Board of Selectman, and no more than three members may be appointed from the same political party.

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

Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses under a single employer plan. The Retirement Benefit Program covers Town, Board of Education, Police and Fire employees. Retired program members and beneficiaries currently receiving benefits are required to contribute specified percentages towards the cost of receiving those benefits under the Town's self-insured medical benefits program. The percentage contribution of the employees and retirees for these benefits vary and are detailed within the Town's various bargaining agreements. The Town does not issue a separate stand-alone financial statement for this program.

At July 1, 2016, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired members and spouses	83
Active plan members	<u>575</u>
Total Participants	<u><u>658</u></u>

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

Funding Policy

The Town's funding and payment of postemployment benefits are accounted for in the Retiree Benefits Trust Fund. The Town has established the trust effective July 2009 to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town has transferred the assets accumulated in a special revenue fund to the trust fund and will gradually increase future contributions to provide for normal cost and the amortization of the accrued liability while maintaining a negative net OPEB liability (asset).

The Town's funding strategy for postemployment obligations are based upon characteristics of benefits for the following groups of employees: Police, Fire, Other Municipal Employees, Board of Education certified and Board of Education noncertified. A summary of the plan provisions is as follows:

- Eligibility for benefits for Police and Fire range from 10 to 25 years of service at time of retirement determined by union contract and date of hire.
- Medical benefits for Police and Fire range from 100% cost of coverage for the retiree and 50% coverage for their spouse until the employee's death, 100% coverage for retiree only depending on date of hire and union contract.
- The remaining employee groups are eligible pursuant to their bargaining unit and date of hire to purchase coverage for 100% of the cost set forth for active members within their bargaining unit.
- Life insurance benefits are not offered.

Investments

Investment Policy

OPEB Benefits Plan's investment policy is established by the Town's Board of Finance who serve as trustees of the plan. The policy may also be amended by a majority vote of the Board. It is the policy of the trustees to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The primary objective of the investment policy is growth of principal while liquidity is secondary provided cash flow needs are fulfilled.

Rate of Return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 4.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2018. The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB liability	\$	30,544,885
Plan fiduciary net position		<u>16,106,492</u>
Net OPEB Liability	\$	<u><u>14,438,393</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		52.73%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.75%, average, including inflation
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.75% for 2016, decreasing 0.5% per year to an ultimate rate of 4.75% for 2022 and later years

Mortality rates were based on the RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2016.

The actuarial assumptions used in the July 1, 2016 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	15.00 %	4.65 %
US Mid/Small Cap Equity	16.00	5.50
Developed International Equity	10.00	5.50
Emerging Markets Equity	6.00	6.50
Intermediate Corp Fixed Income	17.50	2.25
Intermediate Govt Fixed Income	17.50	1.65
High Yield Fixed Income	8.00	3.25
Cash	2.00	0.00
REITs	3.00	5.00
Commodities (MLPs)	5.00	5.25
Total	<u>100.00</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances as of July 1, 2017	\$ 28,783,224	\$ 14,231,839	\$ 14,551,385
Changes for the year:			
Service cost	838,695		838,695
Interest on total OPEB liability	1,963,934		1,963,934
Differences between expected and actual experience	29,728		29,728
Employer contributions		2,218,026	(2,218,026)
Contributions - TRB subsidy		64,570	(64,570)
Net investment income (loss)		662,753	(662,753)
Benefit payments	(1,070,696)	(1,070,696)	-
Net changes	<u>1,761,661</u>	<u>1,874,653</u>	<u>(112,992)</u>
Balances as of June 30, 2018	\$ <u>30,544,885</u>	\$ <u>16,106,492</u>	\$ <u>14,438,393</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 18,576,112	\$ 14,438,393	\$ 11,026,452

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.75% decreasing to 3.75%) or 1 percentage point higher (8.75% decreasing to 5.75%) than the current healthcare cost trend rates:

	1% Decrease (6.75% decreasing to 3.75%)	Healthcare cost Trend Rates (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
Net OPEB Liability	\$ 10,182,624	\$ 14,438,393	\$ 19,714,086

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$1,807,456. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 27,074
Differences between projected and actual earnings on OPEB plan investments	<u>270,504</u>
Total	<u><u>\$ 297,578</u></u>

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

Year Ending June 30

2019	\$ 70,280
2020	70,280
2021	70,280
2022	70,280
2023	2,654
Thereafter	13,804

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Trust Fund Plan Fiduciary Net Position

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 646,800	\$ 1,164,991	\$ 1,811,791
Investments	24,099,638	14,947,209	39,046,847
Accounts receivable	13,106		13,106
Total assets	24,759,544	16,112,200	40,871,744
Liabilities:			
Accounts payable		5,708	5,708
Net Position:			
Held in Trust for Pension or Retiree Benefits	\$ <u>24,759,544</u>	\$ <u>16,106,492</u>	\$ <u>40,866,036</u>

Changes in Trust Fund Net Position

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,998,484	\$ 2,218,026	\$ 4,216,510
Plan members	211,005		211,005
Other		64,570	64,570
Total contributions	2,209,489	2,282,596	4,492,085
Net investment income	812,164	689,033	1,501,197
Total additions	3,021,653	2,971,629	5,993,282
Deductions:			
Benefits	1,649,454	1,070,696	2,720,150
Administration		26,280	26,280
Total deductions	1,649,454	1,096,976	2,746,430
Change in Net Position	1,372,199	1,874,653	3,246,852
Net Position at the Beginning of Year	23,387,345	14,231,839	37,619,184
Net Position at the End of Year	\$ <u>24,759,544</u>	\$ <u>16,106,492</u>	\$ <u>40,866,036</u>

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

B. Teachers Retirement Plan

Plan Description

Teachers, principals, superintendents or supervisors engaged in service of public schools plus professional employees at State Schools of higher education are eligible to participate in the Connecticut State Teachers' Retirement System Retiree Health Insurance Plan (TRS-RHIP), a cost sharing multiple-employer defined benefit other post employment benefit plan administered by the Teachers' Retirement Board (TRB), if they choose to be covered.

Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at www.ct.gov/trb.

Benefit Provisions

There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

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

Any member who is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below:

• Medicare Supplement with Prescriptions	\$ 92
• Medicare Supplement with Prescriptions and Dental	136
• Medicare Supplement with Prescriptions, Dental, Vision & Hearing	141

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

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Survivor Health Care Coverage

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

Eligibility

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

Credited Service

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

Normal Retirement

Age 60 with 20 years of Credited Service in Connecticut, or 35 years of Credited Service including at least 25 years of service in Connecticut.

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

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

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

Employees

Each member is required to contribute 1.25% of their annual salary up to \$500,000. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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

At June 30, 2018, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>22,277,963</u>
Total	<u>\$ 22,277,963</u>

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2016. At June 30, 2018, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2018, the Town recognized OPEB expense and revenue of \$1,032,473 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Health care costs trend rate	7.25% decreasing to 5.00% by 2022
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.56%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2018

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) over age 80. For disabled retirees, mortality rates were based on the RPH-2014 Disabled Mortality Table projected to 2017 using the BB improvement scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 - June 30, 2015.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

The long-term expected rate of return on plan assets is reviewed as part of the GASB 74 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.04%).

Discount Rate

The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2018 and, as a result, the Municipal Bond Index Rate was used in the determination.

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate and the Discount Rate

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

Other Information

Additional information is included in the required supplementary information section of the financial statements. A schedule of contributions is not presented as the Town has no obligation to contribute to the plan. Detailed information about the Connecticut State Teachers OPEB Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report at www.ct.gov.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	Major Special Revenue Funds			Nonmajor Governmental Funds	Total
	General Fund	Capital Projects	Sewer Assessment		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 16,436	\$ 16,436
Prepaid items	16,554				16,554
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		12,999,964	3,021,963		16,021,927
Unspent grant balances				4,473,809	4,473,809
Cat room expansion				3,223	3,223
Permanent funds				242,819	242,819
Committed to:					
Public works lease	41,439				41,439
General government				605,546	605,546
Public safety				210,892	210,892
Public works and highway				1,818,464	1,818,464
Parks, recreation and libraries				745,200	745,200
Health and human services				904,478	904,478
Education	53,029			66,818	119,847
Assigned to:					
Subsequent year's budget	2,825,000				2,825,000
Purchases on order	565,015				565,015
Unassigned	27,124,681				27,124,681
Total Fund Balances	\$ 30,625,718	\$ 12,999,964	\$ 3,021,963	\$ 9,188,105	\$ 55,835,750

Significant encumbrances of \$646,043, \$79,689,070, \$965 and \$1,646,648 at June 30, 2018 are contained in the above table in the committed and assigned categories of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Sewer Assessment Fund, and the restricted and committed categories of the Nonmajor Governmental Funds, respectively.

14. LITIGATION

The Town, its officers, employees, boards and commissions are defendants in various lawsuits. Following consultation with the Town Attorney and other attorneys advising the Town, Town officials are of the opinion that all pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgment against the Town that would materially adversely affect its financial position.

**TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS**

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of year net position of the governmental activities as a result of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*:

Net position at July 1, 2017, as previously reported	\$ 153,523,533
Adjustments:	
Eliminate net OPEB asset reported per GASB No. 45	(718,208)
Record net OPEB liability per GASB No. 75	<u>(14,551,385)</u>
Net Position at July 1, 2017, as Restated	\$ <u><u>138,253,940</u></u>

16. SUBSEQUENT EVENTS

On July 24, 2018, the Town issued \$18,000,000 of general obligation bonds with interest rates of 2.00-4.00% maturing serially from August 1, 2019 through August 1, 2038, for the Walsh Intermediate School Renovation, the Community Center Renovation project and various Town capital improvements.

On February 13, 2019, the Town authorized using \$1,000,000 of unassigned fund balance to establish a Coastal Resiliency Fund. The fund will utilize this contribution, along with future general fund appropriations and bond proceeds, to initiate capital projects and related studies as outlined in the Town's Coastal Resiliency Plan.

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 98,112,414	\$ 98,112,414	\$ 99,419,016	\$ 1,306,602
Interest Income	490,000	490,000	713,321	223,321
Lien Fees	6,200	6,200	6,682	482
Suspense Collections	6,100	6,100	9,839	3,739
Delinquent Taxes	925,000	925,000	1,372,487	447,487
Warrant Fees	500	500	1,362	862
Returned Check Fees	75	75	140	65
Attorney Fees	1,500	1,500		(1,500)
Motor Vehicle Fees	1,500	1,500	7,674	6,174
Total taxes	<u>99,543,289</u>	<u>99,543,289</u>	<u>101,530,521</u>	<u>1,987,232</u>
Intergovernmental Revenues:				
Education Cost Sharing			2,305,234	2,305,234
Health and Welfare	6,700	6,700	5,964	(736)
Principal Subsidy			18,626	18,626
Interest Subsidy			868	868
Elderly Tax Relief - Freeze	5,000	5,000		(5,000)
Disability Exemption	2,500	2,500	2,305	(195)
Veterans' Reimbursement			25,947	25,947
Pequot Grant			53,780	53,780
Municipal Stabilization Grant			197,205	197,205
Miscellaneous State Grants	74,822	74,822	26,962	(47,860)
Wild Life Refuge			8,560	8,560
North Branford Probate Fees	4,000	4,000	5,965	1,965
North Branford Sewer Fees	200,000	200,000	199,161	(839)
Total intergovernmental revenues	<u>293,022</u>	<u>293,022</u>	<u>2,850,577</u>	<u>2,557,555</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Licenses, Permits and Fees:				
Building Permits	\$ 490,000	\$ 490,000	\$ 498,953	\$ 8,953
Excavation Permits	5,000	5,000	8,460	3,460
Sewer Connection Permits			132	132
Zoning Board of Appeals	2,000	2,000	2,550	550
Planning and Zoning	20,000	20,000	19,447	(553)
Planning and Zoning - DEP Costs	500	500	576	76
Map Copies - Building and Engineering	1,600	1,600	2,479	879
Inland Wetlands Applications	15,000	15,000	31,808	16,808
Inland Wetlands - DEP Application Costs			52	52
Building Dept - Education Fee	300	300	1,200	900
Transfer Station Escrow	105,000	105,000	153,288	48,288
Trip Passes	2,000	2,000	1,900	(100)
Sticker Revenue	20,000	20,000	23,809	3,809
Electrical Revenue Share			15,178	15,178
Permits and Tags - Police	6,000	6,000	6,580	580
Special Wages - Police	525,000	525,000	619,956	94,956
Fingerprinting Fees	14,000	14,000	12,040	(1,960)
False Alarm Fees	4,900	4,900	5,550	650
Pump Out Services	5,000	5,000	7,150	2,150
Town Clerk Other Monies	340,000	340,000	327,045	(12,955)
Conveyance Taxes	301,000	301,000	448,233	147,233
DEP Licenses - Town Portion	350	350	393	43
Marriage Licenses - Town Portion	2,500	2,500	2,706	206
Dog Licenses	3,000	3,000	3,891	891
Ambulance Service Fees	1,625,000	1,625,000	1,900,088	275,088
Miscellaneous Permits and Fees - Fire Services	1,700	1,700	3,370	1,670
E-Commerce Revenue Share	6,000	6,000	17,692	11,692
Total licenses, permits and fees	<u>3,495,850</u>	<u>3,495,850</u>	<u>4,114,526</u>	<u>618,676</u>
Interest Income	<u>175,000</u>	<u>175,000</u>	<u>603,668</u>	<u>428,668</u>
Other:				
Willoughby - Wallace Library Fees	2,500	2,500	3,077	577
Willoughby - Passport Fees	6,000	6,000	4,585	(1,415)
Employee Health Insurance Co-pay	515,000	515,000	666,302	151,302
In Lieu of Taxes - Telephone Access	79,000	79,000	69,014	(9,986)

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 260,000	\$ 260,000	\$ 280,797	\$ 20,797
Leases	26,000	26,000	29,971	3,971
Elderly Services - Building Usage	2,000	2,000	2,540	540
Elderly Services - NGO Revenue			320	320
Recreation Department - Facility Usage	2,500	2,500	2,250	(250)
Foote Family Charitable Trust	200,000	200,000	225,000	25,000
Insurance Claims and Refunds	20,000	20,000	18,989	(1,011)
Miscellaneous Refunds			2,634	2,634
Miscellaneous Income	8,000	8,000	26,363	18,363
Sale of Town Property	100,000	100,000	145,265	45,265
Board of Education - Tuition Reimbursement			1,000	1,000
Commerce Bank Revenue Share	11,000	11,000	17,837	6,837
Returned Check Fees			265	265
Under Liquidated Encumbrances			1,761	1,761
Total other	<u>1,232,000</u>	<u>1,232,000</u>	<u>1,497,970</u>	<u>265,970</u>
Total revenues	104,739,161	104,739,161	110,597,262	5,858,101
Other Financing Sources:				
Transfers in	<u>648,814</u>	<u>648,814</u>	<u>648,814</u>	<u>-</u>
Total Revenue and Other Financing Sources	<u>\$ 105,387,975</u>	<u>\$ 105,387,975</u>	111,246,076	<u>\$ 5,858,101</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf pension contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			10,011,747	
State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			1,032,473	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(1,761)	
The Town does not budget for Board of Education severance fund revenues.			470	
The Town does not budget for premiums on bond issuance.			681,662	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			<u>453,194</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 123,423,861</u>	

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 17,948	\$ 17,948	\$ 13,396	\$ 4,552
Executive	347,206	349,624	343,410	6,214
Finance	81,775	85,075	77,612	7,463
Treasurer	439,670	437,370	435,110	2,260
Assessor	420,496	420,496	406,592	13,904
Review of Assessment	13,109	13,109	10,361	2,748
Tax Collector	552,450	552,450	539,326	13,124
Town Clerk	250,175	249,175	246,492	2,683
Law	334,250	523,250	522,353	897
Labor Relations Negotiations	62,500	62,500	56,706	5,794
Probate Court	12,550	12,550	10,446	2,104
Elections	139,482	139,482	128,551	10,931
Planning and Zoning	296,596	299,767	298,088	1,679
Zoning Board of Appeals	8,790	8,790	7,257	1,533
Economic Development Commission	18,485	18,485	18,452	33
Inland Wetlands Commission	125,515	125,515	123,546	1,969
General Government Buildings	1,017,998	1,024,634	924,566	100,068
Cable Television	6,200	6,450	6,350	100
Information Technology	788,175	791,620	752,107	39,513
Human Resources	257,618	258,674	194,130	64,544
Total	<u>5,190,988</u>	<u>5,396,964</u>	<u>5,114,851</u>	<u>282,113</u>
Public Safety:				
Police Service	6,245,960	6,285,418	5,897,746	387,672
Police Service - Special Detail	525,000	525,000	396,240	128,760
Fire Protection	5,455,526	5,734,465	5,725,495	8,970
Building Department	174,856	176,648	174,253	2,395
Total	<u>12,401,342</u>	<u>12,721,531</u>	<u>12,193,734</u>	<u>527,797</u>
Public Works and Highways:				
Public Works	2,383,225	2,431,594	2,289,037	142,557
Sanitation and Waste	2,544,528	2,555,486	2,444,610	110,876
General Engineering	321,179	321,179	302,364	18,815
Total	<u>5,248,932</u>	<u>5,308,259</u>	<u>5,036,011</u>	<u>272,248</u>

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**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation:				
Branford Recreation Department	\$ 1,123,545	\$ 1,123,545	\$ 1,105,138	\$ 18,407
Parker Park				-
Young's Park Commission	9,147	9,147	9,141	6
Docks and Recreational Facilities	17,835	17,835	11,642	6,193
Public Celebration	28,095	28,095	25,853	2,242
Conservation Commission	4,447	4,447	4,056	391
Total	<u>1,183,069</u>	<u>1,183,069</u>	<u>1,155,830</u>	<u>27,239</u>
Libraries:				
James Blackstone Memorial Library	1,354,889	1,391,123	1,391,123	-
Willoughby-Wallace Library	230,217	233,280	220,049	13,231
Total	<u>1,585,106</u>	<u>1,624,403</u>	<u>1,611,172</u>	<u>13,231</u>
Health and Welfare:				
Commission for the Elderly	405,558	411,400	397,529	13,871
East Shore District Health	240,187	240,187	240,187	-
Total	<u>645,745</u>	<u>651,587</u>	<u>637,716</u>	<u>13,871</u>
Board of Education	<u>55,799,386</u>	<u>55,799,386</u>	<u>55,697,574</u>	<u>101,812</u>
Pension and Insurance:				
Pension and Contributions	5,830,002	5,830,002	4,911,220	918,782
Employee Group Insurance	6,678,756	6,678,756	6,678,756	-
Municipal Insurance	2,265,606	2,265,606	2,214,839	50,767
Contingency	1,112,923	447,421		447,421
Total	<u>15,887,287</u>	<u>15,221,785</u>	<u>13,804,815</u>	<u>1,416,970</u>
Debt Service:				
Principal Retirement	8,371,519	7,171,413	6,901,519	269,894
Interest and Fiscal Charges	1,331,541	1,331,541	1,184,975	146,566
Total	<u>9,703,060</u>	<u>8,502,954</u>	<u>8,086,494</u>	<u>416,460</u>
Total expenditures	<u>107,644,915</u>	<u>106,409,938</u>	<u>103,338,197</u>	<u>3,071,741</u>

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TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 105,113	\$ 107,407	\$ 107,407	\$ -
Special Programs Fund		2,903	2,903	-
Sewer Utility Fund	602,547	627,622	627,622	-
Human Services Fund	1,011,657	1,016,256	1,016,256	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Revaluation Fund	25,000	25,000	25,000	-
Ambulance	110,000	110,000	110,000	-
Fire Apparatus	150,000	150,000	150,000	-
Municipal Facilities Fund	105,000	1,235,000	1,235,000	-
Elderly Vehicles	35,000	35,000	35,000	-
Communications Fund	130,000	130,000	130,000	-
DPW Apparatus	300,000	300,000	300,000	-
Capital Procurement Fund	1,566,943	1,637,049	1,637,049	-
Total other financing uses	<u>4,168,060</u>	<u>5,403,037</u>	<u>5,403,037</u>	<u>-</u>
Total Budgeted Operations	\$ <u>111,812,975</u>	\$ <u>111,812,975</u>	108,741,234	\$ <u>3,071,741</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf pension payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			10,011,747	
State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			1,032,473	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			453,194	
The Town does not budget for Lease fund expenditures.			241,949	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(255,500)	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			<u>(90,980)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>120,134,117</u>	

**TOWN OF BRANFORD, CONNECTICUT
POLICE PENSION TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:					
Service cost	\$ 579,898	600,194	\$ 621,201	\$ 586,875	\$ 586,875
Interest	1,838,139	1,906,563	1,990,048	2,058,756	2,140,743
Differences between expected and actual experience			(680,737)		1,920,908
Changes of assumptions			991,581		706,596
Benefit payments, including refunds of member contributions	<u>(1,519,089)</u>	<u>(1,400,569)</u>	<u>(1,564,499)</u>	<u>(1,644,784)</u>	<u>(1,602,870)</u>
Net change in total pension liability	898,948	1,106,188	1,357,594	1,000,847	3,752,252
Total pension liability - beginning	<u>26,425,916</u>	<u>27,324,864</u>	<u>28,431,052</u>	<u>29,788,646</u>	<u>30,789,493</u>
Total pension liability - ending	<u>27,324,864</u>	<u>28,431,052</u>	<u>29,788,646</u>	<u>30,789,493</u>	<u>34,541,745</u>
Plan fiduciary net position:					
Contributions - employer	920,000	898,000	910,500	914,742	1,911,484
Contributions - member	282,016	301,069	280,850	258,782	211,005
Net investment income	2,255,408	40,613	149,903	1,542,864	776,539
Benefit payments, including refunds of member contributions	<u>(1,519,089)</u>	<u>(1,400,569)</u>	<u>(1,564,499)</u>	<u>(1,644,784)</u>	<u>(1,602,870)</u>
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,246)	1,071,604	1,296,158
Plan fiduciary net position - beginning	<u>19,825,212</u>	<u>21,763,547</u>	<u>21,602,660</u>	<u>21,379,414</u>	<u>22,451,018</u>
Plan fiduciary net position - ending	<u>21,763,547</u>	<u>21,602,660</u>	<u>21,379,414</u>	<u>22,451,018</u>	<u>23,747,176</u>
Net Pension Liability - Ending	<u>\$ 5,561,317</u>	<u>6,828,392</u>	<u>\$ 8,409,232</u>	<u>\$ 8,338,475</u>	<u>\$ 10,794,569</u>
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%	68.75%
Covered payroll	\$ 3,462,045	3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132
Net pension liability as a percentage of covered-employee payroll	160.64%	197.24%	235.14%	233.16%	404.12%

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

**TOWN OF BRANFORD, CONNECTICUT
VOLUNTEER FIRE DEPARTMENT PENSION TRUST FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total pension liability:				
Service cost	\$ 13,044	\$ 18,559	\$ 19,116	\$ 20,274
Interest	77,644	80,186	84,136	86,666
Differences between expected and actual experience	(34,725)		(733)	
Changes of assumptions	16,764		23,148	
Benefit payments, including refunds of member contributions	<u>(40,957)</u>	<u>(42,937)</u>	<u>(42,936)</u>	<u>(46,584)</u>
Net change in total pension liability	31,770	55,808	82,731	60,356
Total pension liability - beginning	<u>1,116,290</u>	<u>1,148,060</u>	<u>1,203,868</u>	<u>1,286,599</u>
Total pension liability - ending	<u>1,148,060</u>	<u>1,203,868</u>	<u>1,286,599</u>	<u>1,346,955</u>
Plan fiduciary net position:				
Contributions - employer	62,000	348,000	86,000	87,000
Net investment income (loss)	(192)	2,651	66,884	35,625
Benefit payments, including refunds of member contributions	<u>(40,957)</u>	<u>(42,937)</u>	<u>(42,936)</u>	<u>(46,584)</u>
Net change in plan fiduciary net position	20,851	307,714	109,948	76,041
Plan fiduciary net position - beginning	<u>497,814</u>	<u>518,665</u>	<u>826,379</u>	<u>936,327</u>
Plan fiduciary net position - ending	<u>518,665</u>	<u>826,379</u>	<u>936,327</u>	<u>1,012,368</u>
Net Pension Liability - Ending	<u>\$ 629,395</u>	<u>\$ 377,489</u>	<u>\$ 350,272</u>	<u>\$ 334,587</u>
Plan fiduciary net position as a percentage of the total pension liability	45.18%	68.64%	72.78%	75.16%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

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

**TOWN OF BRANFORD, CONNECTICUT
POLICE PENSION TRUST FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 773,105	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106	\$ 911,226	\$ 911,226
Contributions in relation to the actuarial determined contribution	<u>806,769</u>	<u>1,101,866</u>	<u>887,078</u>	<u>960,000</u>	<u>922,000</u>	<u>920,000</u>	<u>898,000</u>	<u>910,500</u>	<u>914,742</u>	<u>1,911,484</u>
Contribution Deficiency (Excess)	\$ <u>(33,664)</u>	\$ <u>(308,124)</u>	\$ <u>127,025</u>	\$ <u>81,413</u>	\$ <u>(32,368)</u>	\$ <u>(16,837)</u>	\$ <u>(894)</u>	\$ <u>(13,394)</u>	\$ <u>(3,516)</u>	\$ <u>(1,000,258)</u>
Covered-employee payroll	\$ 3,506,876	\$ 3,993,027	\$ 3,993,027	\$ 4,217,112	\$ 4,217,112	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132
Contributions as a percentage of covered-employee payroll	23.01%	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%	25.46%	25.58%	71.56%

Notes to Schedule

Valuation Date: July 1, 2017

Measurement Date: June 30, 2018

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary - Closed
Remaining amortization period	17 Years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	2.50% (Prior: 3.0%)
Salary increases	Scaled from 8.50% down to 2.50% based on years of service. (Prior: Scaled from 9.50% down to 3.50% based on years of service.)
Investment rate of return	6.50% (Prior: 7.00%)
Retirement age	Scaled based on age from 25% at age 25 to 100% at age 40 (Prior: Scaled based on age from 20% at age 25 to 100% at age 40)
Mortality	RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017 Prior: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015

**TOWN OF BRANFORD, CONNECTICUT
VOLUNTEER FIRE DEPARTMENT PENSION TRUST FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FOUR FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 66,924	\$ 86,184	\$ 86,184	\$ 86,184
Contributions in relation to the actuarial determined contribution	<u>62,000</u>	<u>348,000</u>	<u>86,000</u>	<u>87,000</u>
Contribution Deficiency (Excess)	<u>\$ 4,924</u>	<u>\$ (261,816)</u>	<u>\$ 184</u>	<u>\$ (816)</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Valuation Date: January 1, 2017

Measurement Date: June 30, 2018

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary
Remaining amortization period	30 years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	2.75%
Salary increases	Volunteer fire plan, no salary
Investment rate of return	6.75% (Prior: 7.00%)
Retirement age	Scaled based on age from 50% at age 65 to 100% at age 70
Mortality	RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2017. Prior: RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2015.

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

**TOWN OF BRANFORD, CONNECTICUT
POLICE PENSION TRUST FUND
SCHEDULE OF INVESTMENT RETURNS
LAST FIVE FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	11.25%	0.18%	0.66%	7.19%	3.42%

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

**TOWN OF BRANFORD, CONNECTICUT
VOLUNTEER FIRE DEPARTMENT PENSION TRUST FUND
SCHEDULE OF INVESTMENT RETURNS
LAST FOUR FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	-0.04%	0.44%	7.55%	3.58%

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

**TOWN OF BRANFORD, CONNECTICUT
TEACHERS RETIREMENT PLAN
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FOUR FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>64,784,314</u>	<u>70,090,168</u>	<u>91,314,924</u>	<u>86,553,802</u>
Total	<u>\$ 64,784,314</u>	<u>\$ 70,090,168</u>	<u>\$ 91,314,924</u>	<u>\$ 86,553,802</u>
Town's covered payroll	\$ 22,361,702	\$ 25,437,705	\$ 25,585,052	\$ 26,087,583
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	61.51%	59.50%	52.26%	55.93%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market

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

**TOWN OF BRANFORD, CONNECTICUT
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,153,600	\$ 1,303,939	\$ 1,683,907	\$ 2,065,555	\$ 2,144,563	\$ 2,224,976	\$ 2,284,715	\$ 2,233,161	\$ 2,254,928	\$ 2,456,032
Contributions in relation to the actuarially determined contribution	<u>1,153,600</u>	<u>1,303,939</u>	<u>1,683,907</u>	<u>2,065,555</u>	<u>2,144,563</u>	<u>2,224,976</u>	<u>2,284,715</u>	<u>2,233,161</u>	<u>2,254,928</u>	<u>2,456,032</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 15,218,997	\$ 15,843,730	\$ 15,915,945	\$ 16,149,765	\$ 16,458,657	\$ 16,641,556	\$ 16,787,032	\$ 18,444,678	\$ 18,428,703	\$ 19,160,897
Contributions as a percentage of covered-employee payroll	7.58%	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%	12.11%	12.24%	12.82%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2017
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	25 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%, net of investment-related expense
Changes in assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

**TOWN OF BRANFORD, CONNECTICUT
MUNICIPAL EMPLOYEES RETIREMENT SYSTEM
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST FOUR FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability	3.57%	3.29%	3.22%	3.35%
Town's proportionate share of the net pension liability	\$ 3,519,712	\$ 6,345,626	\$ 10,725,931	\$ 8,314,503
Town's covered-employee payroll	\$ 16,787,032	\$ 16,787,032	\$ 18,428,703	\$ 19,160,897
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.97%	37.80%	58.20%	43.39%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market

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

**TOWN OF BRANFORD, CONNECTICUT
 RETIREE HEALTH PLAN
 SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 LAST TWO FISCAL YEARS***

	<u>2017</u>	<u>2018</u>
Total OPEB liability:		
Service cost	\$ 808,381	\$ 838,695
Interest	1,849,266	1,963,934
Differences between expected and actual experience	124,760	29,728
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>
Net change in total OPEB liability	1,747,290	1,761,661
Total OPEB liability - beginning	<u>27,035,934</u>	<u>28,783,224</u>
Total OPEB liability - ending	<u>28,783,224</u>	<u>30,544,885</u>
Plan fiduciary net position:		
Contributions - employer	2,216,607	2,218,026
Contributions - TRB subsidy	25,410	64,570
Net investment income	1,090,779	662,753
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>
Net change in plan fiduciary net position	2,297,679	1,874,653
Plan fiduciary net position - beginning	<u>11,934,160</u>	<u>14,231,839</u>
Plan fiduciary net position - ending	<u>14,231,839</u>	<u>16,106,492</u>
Net OPEB Liability - Ending	<u>\$ 14,551,385</u>	<u>\$ 14,438,393</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.44%	52.73%
Covered-employee payroll	\$ 49,561,870	\$ 51,420,440
Net OPEB liability as a percentage of covered-employee payroll	29.36%	28.08%

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

**TOWN OF BRANFORD, CONNECTICUT
 RETIREE HEALTH PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 LAST TEN FISCAL YEARS**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution (1)	\$ 1,818,900	\$ 1,955,400	\$ 1,997,300	\$ 1,613,000	\$ 1,651,000	\$ 1,790,540	\$ 1,835,900	\$ 1,847,914	\$ 1,907,215	\$ 2,016,067
Contributions in relation to the actuarially determined contribution	<u>3,968,100</u>	<u>1,285,645</u>	<u>1,503,300</u>	<u>1,276,100</u>	<u>1,584,500</u>	<u>1,964,000</u>	<u>1,808,700</u>	<u>1,560,200</u>	<u>2,216,607</u>	<u>2,218,026</u>
Contribution Deficiency (Excess)	<u>\$ (2,149,200)</u>	<u>\$ 669,755</u>	<u>\$ 494,000</u>	<u>\$ 336,900</u>	<u>\$ 66,500</u>	<u>\$ (173,460)</u>	<u>\$ 27,200</u>	<u>\$ 287,714</u>	<u>\$ (309,392)</u>	<u>\$ (201,959)</u>
Covered-employee payroll	\$ 41,807,100	\$ 39,028,800	\$ 39,028,800	\$ 39,169,500	\$ 39,169,500	\$ 48,861,400	\$ 48,861,400	\$ 47,770,477	\$ 49,561,870	\$ 51,420,440
Contributions as a percentage of covered-employee payroll	9.49%	3.29%	3.85%	3.26%	4.05%	4.02%	3.70%	3.27%	4.47%	4.31%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 2016

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.75% (Prior: 3.00%)
Healthcare cost trend rates	7.75% in 2016, decreasing 0.5% per year to an ultimate rate of 4.75% for 2022 and later. (Prior: 9.00% for 2014, decreasing 1.00% per year, to an ultimate rate of 5.00% for 2018 and later.)
Salary increases	3.75%, average, including inflation
Investment rate of return	6.75% (Prior: 7.00%), net of pension plan investment expense, including inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016. (Prior: RP-2000 Combined, set forward one year for males and set back one year for females, projected to valuation date with Scale AA.)

**TOWN OF BRANFORD, CONNECTICUT
RETIREE HEALTH PLAN
SCHEDULE OF INVESTMENT RETURNS
LAST TWO FISCAL YEARS***

	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	8.44%	4.50%

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

**TOWN OF BRANFORD, CONNECTICUT
TEACHERS RETIREMENT PLAN
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST FISCAL YEAR***

	2018
Town's proportion of the net OPEB liability	0.00%
Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>22,277,963</u>
Total	<u>\$ 22,277,963</u>
Town's covered payroll	\$ 26,087,583
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The discount rate was increased from 3.01% to 3.56% to reflect the change in the Municipal Bond Index Rate. Changes were made to the assumed initial per capita health care costs, rates of health care inflation used to project the per capita costs, and the rates of Plan participation based upon recent experience and current expectations. As a result of the experience study for the five-year period ended June 30, 2015, the payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase. Last, the salary growth assumption, the payroll growth rate, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.

Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment-related expense including price inflation

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

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 33,659,952	\$ 32,834,577
Investments	9,662,953	8,034,591
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2018 and 2017	3,964,169	3,608,319
Interest	1,555,181	1,445,997
Intergovernmental	199,161	205,417
Other	528,878	620,515
Prepaid items	<u>16,554</u>	<u>16,571</u>
Total Assets	<u>\$ 49,586,848</u>	<u>\$ 46,765,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,765,579	\$ 2,282,764
Due to other funds	4,021,229	2,985,724
Unearned revenue	721,295	779,747
Other	<u>502,273</u>	<u>142,313</u>
Total liabilities	<u>8,010,376</u>	<u>6,190,548</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,621,428	3,403,197
Unavailable revenue - interest on property taxes	1,555,185	1,445,997
Unavailable revenue - school building grants		19,111
Advance property tax collections	<u>5,774,141</u>	<u>8,371,160</u>
Total deferred inflows of resources	<u>10,950,754</u>	<u>13,239,465</u>
Fund Balance:		
Nonspendable	16,554	16,571
Committed	94,468	80,447
Assigned	3,390,015	6,921,026
Unassigned	<u>27,124,681</u>	<u>20,317,930</u>
Total fund balance	<u>30,625,718</u>	<u>27,335,974</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 49,586,848</u>	<u>\$ 46,765,987</u>

**TOWN OF BRANFORD, CONNECTICUT
 GENERAL FUND
 REPORT OF TAX COLLECTOR
 FOR THE YEAR ENDED JUNE 30, 2018**

Grand List	Uncollected Taxes July 1, 2017	Lawful Corrections	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2018
					Taxes	Interest	Liens	Total	
2002	\$ 32,161	\$	\$	\$ 32,161	\$	\$ 75	\$	\$ 75	\$ 32,161
2003	36,514			36,514				-	36,514
2004	35,616			35,616				-	35,616
2005	33,752			33,752				-	33,752
2006	38,325	145		38,470	1,725	81	24	1,830	36,745
2007	42,087			42,087		2,115		2,115	42,087
2008	67,842			67,842				-	67,842
2009	75,111	211		75,322	9,490	2,819	48	12,357	65,832
2010	104,608			104,608	24,022	21,068	192	45,282	80,586
2011	175,150	435		175,585	35,093	27,697	288	63,078	140,492
2012	359,834	(81)	(163,200)	196,553	52,027	48,960	384	101,371	144,526
2013	579,709	14,103		593,812	169,178	124,814	930	294,922	424,634
2014	887,086	33,915		921,001	253,136	119,345	2,373	374,854	667,865
2015	1,632,574	29,029		1,661,603	690,200	144,317	9,868	844,385	971,403
2016	101,624,119	(507,372)		101,116,747	99,419,016	222,029	26,082	99,667,127	1,697,731
	<u>\$ 105,724,488</u>	<u>\$ (429,615)</u>	<u>\$ (163,200)</u>	<u>\$ 105,131,673</u>	100,653,887	713,320	40,189	101,407,396	<u>\$ 4,477,786</u>
					<u>9,839</u>	<u>10,236</u>	<u>726</u>	<u>20,801</u>	
					<u>\$ 100,663,726</u>	<u>\$ 723,556</u>	<u>\$ 40,915</u>	<u>\$ 101,428,197</u>	

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2018**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 33,565,484	\$ 53,029	\$ 41,439	\$ 33,659,952
Investments	9,662,953			9,662,953
Receivables, net	6,247,389			6,247,389
Other assets	16,554			16,554
	<u>49,492,380</u>	<u>53,029</u>	<u>41,439</u>	<u>49,586,848</u>
Total Assets	<u>\$ 49,492,380</u>	<u>\$ 53,029</u>	<u>\$ 41,439</u>	<u>\$ 49,586,848</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 2,765,579	\$	\$	\$ 2,765,579
Due to other funds	4,021,229			4,021,229
Unearned revenue	721,295			721,295
Other	502,273			502,273
Total liabilities	<u>8,010,376</u>	<u>-</u>	<u>-</u>	<u>8,010,376</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	3,621,428			3,621,428
Unavailable revenue - interest on property taxes	1,555,185			1,555,185
Advance property tax collections	5,774,141			5,774,141
Total deferred inflows of resources	<u>10,950,754</u>	<u>-</u>	<u>-</u>	<u>10,950,754</u>
Fund Balances:				
Nonspendable	16,554			16,554
Committed		53,029	41,439	94,468
Assigned	3,390,015			3,390,015
Unassigned	27,124,681			27,124,681
Total fund balances	<u>30,531,250</u>	<u>53,029</u>	<u>41,439</u>	<u>30,625,718</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 49,492,380</u>	<u>\$ 53,029</u>	<u>\$ 41,439</u>	<u>\$ 49,586,848</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:					
Property taxes	\$ 101,530,521	\$	\$	\$	\$ 101,530,521
Intergovernmental	14,347,991				14,347,991
Charges for services	4,114,526				4,114,526
Income on investments	603,668	470			604,138
Miscellaneous	1,496,209				1,496,209
Total revenues	<u>122,092,915</u>	<u>470</u>	<u>-</u>	<u>-</u>	<u>122,093,385</u>
Expenditures:					
Current:					
General government	5,072,114		29,507		5,101,621
Public safety	12,192,083				12,192,083
Public works and highway	5,047,430		131,304		5,178,734
Parks, recreation and libraries	2,742,330				2,742,330
Health and human services	633,721				633,721
Education	67,162,195		81,138		67,243,333
Pension and insurance	13,775,472				13,775,472
Debt service	8,086,493				8,086,493
Total expenditures	<u>114,711,838</u>	<u>-</u>	<u>241,949</u>	<u>-</u>	<u>114,953,787</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,381,077</u>	<u>470</u>	<u>(241,949)</u>	<u>-</u>	<u>7,139,598</u>
Other Financing Sources (Uses):					
Transfers in	648,814		255,500	(255,500)	648,814
Transfers out	(5,435,830)			255,500	(5,180,330)
Bond premiums	681,662				681,662
Total other financing sources (uses)	<u>(4,105,354)</u>	<u>-</u>	<u>255,500</u>	<u>-</u>	<u>(3,849,854)</u>
Net Change in Fund Balances	3,275,723	470	13,551	-	3,289,744
Fund Balances at Beginning of Year	<u>27,255,527</u>	<u>52,559</u>	<u>27,888</u>	<u>-</u>	<u>27,335,974</u>
Fund Balances at End of Year	<u>\$ 30,531,250</u>	<u>\$ 53,029</u>	<u>\$ 41,439</u>	<u>\$ -</u>	<u>\$ 30,625,718</u>

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018**

	Special Revenue									
	Board of Education									
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Building Usage	Small Cities Fund	Town Aid Road	Pass Through Grants	Park and Recreation
ASSETS										
Cash and cash equivalents	\$ 10,643	\$ 38,420	\$ 572,113	\$ 834,427	\$ 50,945	\$ 594	\$ 142,934	\$ 2,149,347	\$	\$ 874,248
Investment										
Accounts receivable	6,143						292,044			
Intergovernmental receivable				21,526	100,007					
Due from other funds				96,002						
Inventory					16,436					
Total Assets	\$ 16,786	\$ 38,420	\$ 572,113	\$ 951,955	\$ 167,388	\$ 594	\$ 434,978	\$ 2,149,347	\$ -	\$ 874,248
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	\$ 3,724	\$ 1,263	\$ 93,520	\$ 84,728	\$	\$	\$ 10,920	\$	\$ 47,719
Unearned revenue				1,255						243,746
Total liabilities	-	3,724	1,263	94,775	84,728	-	-	10,920	-	291,465
Deferred Inflows of Resources:										
Unavailable revenue - special assessments	6,143									
Unavailable revenue - loans receivable							292,044			
Total deferred inflows of resources	6,143	-	-	-	-	-	292,044	-	-	-
Fund Balance:										
Nonspendable					16,436					
Restricted				857,180			142,934	2,138,427		
Committed	10,643	34,696	570,850		66,224	594				582,783
Total fund balance	10,643	34,696	570,850	857,180	82,660	594	142,934	2,138,427	-	582,783
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,786	\$ 38,420	\$ 572,113	\$ 951,955	\$ 167,388	\$ 594	\$ 434,978	\$ 2,149,347	\$ -	\$ 874,248

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Special Revenue								
	<u>Special Programs</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>	<u>Elderly Commission</u>	<u>Animal Control</u>	<u>Sewer Utility Fund</u>	<u>FEMA Fund</u>	<u>Human Services Fund</u>	<u>Total</u>
ASSETS									
Cash and cash equivalents	\$ 862,766	\$ 106,162	\$ 35,707	\$ 484,402	\$ 131,437	\$ 1,002,234	\$ 103,140	\$ 370,468	\$ 7,769,987
Investment			126,760			556,156			682,916
Accounts receivable						190,303		86,043	574,533
Intergovernmental receivable	384,140				121,611	404,781			1,032,065
Due from other funds									96,002
Inventory									16,436
Total Assets	<u>\$ 1,246,906</u>	<u>\$ 106,162</u>	<u>\$ 162,467</u>	<u>\$ 484,402</u>	<u>\$ 253,048</u>	<u>\$ 2,153,474</u>	<u>\$ 103,140</u>	<u>\$ 456,511</u>	<u>\$ 10,171,939</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ 14,778	\$ 384	\$ 50		\$ 16,768	\$ 148,814		\$ 56,170	\$ 478,838
Unearned revenue					22,165			86,043	353,209
Total liabilities	<u>14,778</u>	<u>384</u>	<u>50</u>	<u>-</u>	<u>38,933</u>	<u>148,814</u>	<u>-</u>	<u>142,213</u>	<u>832,047</u>
Deferred Inflows of Resources:									
Unavailable revenue - special assessments						196,839			202,982
Unavailable revenue - loans receivable									292,044
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,839</u>	<u>-</u>	<u>-</u>	<u>495,026</u>
Fund Balance:									
Nonspendable									16,436
Restricted	1,232,128				3,223		103,140		4,477,032
Committed		105,778	162,417	484,402	210,892	1,807,821		314,298	4,351,398
Total fund balance	<u>1,232,128</u>	<u>105,778</u>	<u>162,417</u>	<u>484,402</u>	<u>214,115</u>	<u>1,807,821</u>	<u>103,140</u>	<u>314,298</u>	<u>8,844,866</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,246,906</u>	<u>\$ 106,162</u>	<u>\$ 162,467</u>	<u>\$ 484,402</u>	<u>\$ 253,048</u>	<u>\$ 2,153,474</u>	<u>\$ 103,140</u>	<u>\$ 456,511</u>	<u>\$ 10,171,939</u>

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**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2018**

	Permanent Fund					Total	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant		
ASSETS							
Cash and cash equivalents	\$ 3,583	\$ 4,253	\$ 5,249	\$ 35,244	\$ 61,031	\$ 109,360	\$ 7,879,347
Investment	233,981					233,981	916,897
Accounts receivable						-	574,533
Intergovernmental receivable						-	1,032,065
Due from other funds						-	96,002
Inventory						-	16,436
Total Assets	\$ 237,564	\$ 4,253	\$ 5,249	\$ 35,244	\$ 61,031	\$ 343,341	\$ 10,515,280
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 102	\$	\$	\$	\$	\$ 102	\$ 478,940
Unearned revenue						-	353,209
Total liabilities	102	-	-	-	-	102	832,149
Deferred Inflows of Resources:							
Unavailable revenue - special assessments						-	202,982
Unavailable revenue - loans receivable						-	292,044
Total deferred inflows of resources	-	-	-	-	-	-	495,026
Fund Balance:							
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420	116,856
Restricted	235,962	253	249	5,244	1,111	242,819	4,719,851
Committed						-	4,351,398
Total fund balance	237,462	4,253	5,249	35,244	61,031	343,239	9,188,105
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 237,564	\$ 4,253	\$ 5,249	\$ 35,244	\$ 61,031	\$ 343,341	\$ 10,515,280

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue									
	Board of Education									
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Building Usage	Small Cities	Town Aid Road	Pass Through Grants	Park and Recreation
Revenues:										
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues				3,006,880	547,795			774,627	390,876	
Sales and services		55,049	392,546		106,918	6,680				367,406
Investment income		107	2,212					5,328		3,751
Other										50,932
Sale of food					580,793					
Total revenues	<u>-</u>	<u>55,156</u>	<u>394,758</u>	<u>3,006,880</u>	<u>1,235,506</u>	<u>6,680</u>	<u>97,447</u>	<u>779,955</u>	<u>390,876</u>	<u>422,089</u>
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway								177,735		
Parks, recreation and libraries										342,440
Health and human services									390,876	
Education		51,988	319,164	2,639,592	1,219,660	8,369				
Total expenditures	<u>-</u>	<u>51,988</u>	<u>319,164</u>	<u>2,639,592</u>	<u>1,219,660</u>	<u>8,369</u>	<u>600</u>	<u>177,735</u>	<u>390,876</u>	<u>342,440</u>
Excess (Deficiency) of Revenues over Expenditures	-	3,168	75,594	367,288	15,846	(1,689)	96,847	602,220	-	79,649
Other Financing Sources (Uses):										
Transfers in					32,793					
Transfers out										(28,178)
Net Change in Fund Balances	-	3,168	75,594	367,288	48,639	(1,689)	96,847	602,220	-	51,471
Fund Balances at Beginning of Year	10,643	31,528	495,256	489,892	34,021	2,283	46,087	1,536,207	-	531,312
Fund Balances at End of Year	<u>\$ 10,643</u>	<u>\$ 34,696</u>	<u>\$ 570,850</u>	<u>\$ 857,180</u>	<u>\$ 82,660</u>	<u>\$ 594</u>	<u>\$ 142,934</u>	<u>\$ 2,138,427</u>	<u>\$ -</u>	<u>\$ 582,783</u>

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**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue								
	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Sewer Utility Fund	FEMA Fund	Human Services Fund	Total
Revenues:									
Assessment income	\$	\$	\$	\$	\$	\$ 2,661,962	\$	\$	\$ 2,661,962
Intergovernmental revenues	750,960		348		121,611	52,169		62,845	5,708,111
Sales and services	9,954				71,620	688,141		477,468	2,273,066
Investment income	2,697	501	6,726	5,731	548	6,235			33,999
Other	242,660	75,974	15,192	7,275	6,565	150			398,748
Sale of food									580,793
Total revenues	<u>1,006,271</u>	<u>76,475</u>	<u>22,266</u>	<u>13,006</u>	<u>200,344</u>	<u>3,408,657</u>	<u>-</u>	<u>540,313</u>	<u>11,656,679</u>
Expenditures:									
Current:									
General government	113,523								113,523
Public safety	291,711				303,882				595,593
Public works and highway	730,755					2,929,704			3,838,194
Parks, recreation and libraries			11,308						353,748
Health and human services	158,320	53,084		4,850				1,534,777	2,142,507
Education	37,564								4,276,337
Total expenditures	<u>1,331,873</u>	<u>53,084</u>	<u>11,308</u>	<u>4,850</u>	<u>303,882</u>	<u>2,929,704</u>	<u>-</u>	<u>1,534,777</u>	<u>11,319,902</u>
Excess (Deficiency) of Revenues over Expenditures	(325,602)	23,391	10,958	8,156	(103,538)	478,953	-	(994,464)	336,777
Other Financing Sources (Uses):									
Transfers in	2,903				132,482	602,547		1,016,256	1,786,981
Transfers out						(1,093,814)			(1,121,992)
Net Change in Fund Balances	(322,699)	23,391	10,958	8,156	28,944	(12,314)	-	21,792	1,001,766
Fund Balances at Beginning of Year	1,554,827	82,387	151,459	476,246	185,171	1,820,135	103,140	292,506	7,843,100
Fund Balances at End of Year	<u>\$ 1,232,128</u>	<u>\$ 105,778</u>	<u>\$ 162,417</u>	<u>\$ 484,402</u>	<u>\$ 214,115</u>	<u>\$ 1,807,821</u>	<u>\$ 103,140</u>	<u>\$ 314,298</u>	<u>\$ 8,844,866</u>

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**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

	Permanent Fund						Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total	
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$	\$ 2,661,962
Intergovernmental revenues							5,708,111
Sales and services							2,273,066
Investment income	22,222	39	47	317	542	23,167	57,166
Other							398,748
Sale of food							580,793
Total revenues	<u>22,222</u>	<u>39</u>	<u>47</u>	<u>317</u>	<u>542</u>	<u>23,167</u>	<u>11,679,846</u>
Expenditures:							
Current:							
General government							113,523
Public safety							595,593
Public works and highway							3,838,194
Parks, recreation and libraries							353,748
Health and human services	989					989	2,143,496
Education		125		500		625	4,276,962
Total expenditures	<u>989</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>1,614</u>	<u>11,321,516</u>
Excess (Deficiency) of Revenues over Expenditures	21,233	(86)	47	(183)	542	21,553	358,330
Other Financing Sources (Uses):							
Transfers in							1,786,981
Transfers out							(1,121,992)
Net Change in Fund Balances	21,233	(86)	47	(183)	542	21,553	1,023,319
Fund Balances at Beginning of Year	<u>216,229</u>	<u>4,339</u>	<u>5,202</u>	<u>35,427</u>	<u>60,489</u>	<u>321,686</u>	<u>8,164,786</u>
Fund Balances at End of Year	<u>\$ 237,462</u>	<u>\$ 4,253</u>	<u>\$ 5,249</u>	<u>\$ 35,244</u>	<u>\$ 61,031</u>	<u>\$ 343,239</u>	<u>\$ 9,188,105</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 16,751,068	\$ 4,133,428	\$ 1,638,089	\$ 22,522,585
Accounts receivable	599,153			599,153
Prepaid expenses		80,000	20,000	100,000
Total assets	<u>17,350,221</u>	<u>4,213,428</u>	<u>1,658,089</u>	<u>23,221,738</u>
Liabilities:				
Accounts payable	201,416	20,416	4,487	226,319
Claims incurred not reported	<u>972,000</u>	<u>1,757,684</u>	<u>1,347,262</u>	<u>4,076,946</u>
Total liabilities	<u>1,173,416</u>	<u>1,778,100</u>	<u>1,351,749</u>	<u>4,303,265</u>
Net Position:				
Unrestricted	<u>\$ 16,176,805</u>	<u>\$ 2,435,328</u>	<u>\$ 306,340</u>	<u>\$ 18,918,473</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 14,397,601	\$ 1,309,957	\$ 275,000	\$ 15,982,558
Others	465,387	86,196		551,583
Total operating revenues	<u>14,862,988</u>	<u>1,396,153</u>	<u>275,000</u>	<u>16,534,141</u>
Operating Expenses:				
Benefit claims	10,666,345	777,195	315,153	11,758,693
Claims administration	1,769,666	94,642		1,864,308
Total operating expenses	<u>12,436,011</u>	<u>871,837</u>	<u>315,153</u>	<u>13,623,001</u>
Operating Income (Loss)	2,426,977	524,316	(40,153)	2,911,140
Nonoperating Income - Interest Income	<u>111,103</u>	<u>20,431</u>	<u>4,741</u>	<u>136,275</u>
Change in Net Position	2,538,080	544,747	(35,412)	3,047,415
Net Position at Beginning of Year	<u>13,638,725</u>	<u>1,890,581</u>	<u>341,752</u>	<u>15,871,058</u>
Net Position at End of Year	<u>\$ 16,176,805</u>	<u>\$ 2,435,328</u>	<u>\$ 306,340</u>	<u>\$ 18,918,473</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Medical Fund</u>	<u>Workers' Compensation Fund</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received for benefits	\$ 15,523,152	\$ 1,396,153	\$ 275,000	\$ 17,194,305
Cash paid for benefits and administration	<u>(13,006,749)</u>	<u>(1,125,716)</u>	<u>(188,026)</u>	<u>(14,320,491)</u>
Net cash provided by (used in) operating activities	2,516,403	270,437	86,974	2,873,814
Cash Flows from Investing Activities:				
Interest income	<u>111,103</u>	<u>20,431</u>	<u>4,741</u>	<u>136,275</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,627,506	290,868	91,715	3,010,089
Cash and Cash Equivalents at Beginning of Year	<u>14,123,562</u>	<u>3,842,560</u>	<u>1,546,374</u>	<u>19,512,496</u>
Cash and Cash Equivalents at End of Year	<u>\$ 16,751,068</u>	<u>\$ 4,133,428</u>	<u>\$ 1,638,089</u>	<u>\$ 22,522,585</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 2,426,977	\$ 524,316	\$ (40,153)	\$ 2,911,140
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	660,164			660,164
(Increase) decrease in prepaid expenses		(80,000)	(20,000)	(100,000)
Increase (decrease) in payables	<u>(570,738)</u>	<u>(173,879)</u>	<u>147,127</u>	<u>(597,490)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,516,403</u>	<u>\$ 270,437</u>	<u>\$ 86,974</u>	<u>\$ 2,873,814</u>

**TOWN OF BRANFORD, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018**

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 646,800	\$ 1,164,991	\$ 1,811,791
Investments	24,099,638	14,947,209	39,046,847
Accounts receivable	13,106		13,106
Total assets	24,759,544	16,112,200	40,871,744
Liabilities:			
Accounts payable		5,708	5,708
Net Position:			
Held in Trust for Pension or Retiree Benefits	\$ <u>24,759,544</u>	\$ <u>16,106,492</u>	\$ <u>40,866,036</u>

**TOWN OF BRANFORD, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,998,484	\$ 2,218,026	\$ 4,216,510
Plan members	211,005		211,005
Other		64,570	64,570
Total contributions	<u>2,209,489</u>	<u>2,282,596</u>	<u>4,492,085</u>
Net investment income	<u>812,164</u>	<u>689,033</u>	<u>1,501,197</u>
Total additions	<u>3,021,653</u>	<u>2,971,629</u>	<u>5,993,282</u>
Deductions:			
Benefits	1,649,454	1,070,696	2,720,150
Administration		26,280	26,280
Total deductions	<u>1,649,454</u>	<u>1,096,976</u>	<u>2,746,430</u>
Change in Net Position	1,372,199	1,874,653	3,246,852
Net Position at the Beginning of Year	<u>23,387,345</u>	<u>14,231,839</u>	<u>37,619,184</u>
Net Position at the End of Year	<u>\$ 24,759,544</u>	<u>\$ 16,106,492</u>	<u>\$ 40,866,036</u>

**TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Branford Conservation Commission				
Assets:				
Cash and cash equivalents	\$ <u>1,605</u>	\$ <u>14</u>	\$ <u>-</u>	\$ <u>1,619</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,605</u>	\$ <u>14</u>	\$ <u>-</u>	\$ <u>1,619</u>
Shellfish Commission				
Assets:				
Cash and cash equivalents	\$ <u>233,904</u>	\$ <u>13,583</u>	\$ <u>4,736</u>	\$ <u>242,751</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>233,904</u>	\$ <u>13,583</u>	\$ <u>4,736</u>	\$ <u>242,751</u>
Academy-On-The-Green				
Assets:				
Cash and cash equivalents	\$ <u>19,980</u>	\$ <u>403</u>	\$ <u>419</u>	\$ <u>19,964</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>19,980</u>	\$ <u>403</u>	\$ <u>419</u>	\$ <u>19,964</u>
Branford Medical Transit				
Assets:				
Cash and cash equivalents	\$ <u>62,372</u>	\$ <u>6,879</u>	\$ <u>1,151</u>	\$ <u>68,100</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>62,372</u>	\$ <u>6,879</u>	\$ <u>1,151</u>	\$ <u>68,100</u>

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**TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Commission on Services For the Elderly				
Assets:				
Cash and cash equivalents	\$ <u>169,231</u>	\$ <u>61,357</u>	\$ <u>45,779</u>	\$ <u>184,809</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>169,231</u>	\$ <u>61,357</u>	\$ <u>45,779</u>	\$ <u>184,809</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ <u>688,287</u>	\$ <u>1,503,832</u>	\$ <u>1,569,938</u>	\$ <u>622,181</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>688,287</u>	\$ <u>1,503,832</u>	\$ <u>1,569,938</u>	\$ <u>622,181</u>
Fireworks Committee				
Assets:				
Cash and cash equivalents	\$ <u>11,254</u>	\$ <u>26,026</u>	\$ <u>29,226</u>	\$ <u>8,054</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>11,254</u>	\$ <u>26,026</u>	\$ <u>29,226</u>	\$ <u>8,054</u>
Developer Bond Funds				
Assets:				
Cash and cash equivalents	\$ <u>516,713</u>	\$ <u>100,065</u>	\$ <u>8,896</u>	\$ <u>607,882</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>516,713</u>	\$ <u>100,065</u>	\$ <u>8,896</u>	\$ <u>607,882</u>
Shoreline Crimes Funds				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>1,500</u>	\$ <u>-</u>	\$ <u>1,500</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>-</u>	\$ <u>1,500</u>	\$ <u>-</u>	\$ <u>1,500</u>

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**TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,703,346</u>	\$ <u>1,713,659</u>	\$ <u>1,660,145</u>	\$ <u>1,756,860</u>
Total Assets	\$ <u><u>1,703,346</u></u>	\$ <u><u>1,713,659</u></u>	\$ <u><u>1,660,145</u></u>	\$ <u><u>1,756,860</u></u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,703,346</u>	\$ <u>1,713,659</u>	\$ <u>1,660,145</u>	\$ <u>1,756,860</u>
Total Liabilities	\$ <u><u>1,703,346</u></u>	\$ <u><u>1,713,659</u></u>	\$ <u><u>1,660,145</u></u>	\$ <u><u>1,756,860</u></u>

TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2018

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2017	\$ 96,595
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,216
Reimbursement for revenue loss on: Elderly tax relief	<u>4</u>
Base	<u>\$ 97,815</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 220,085	\$	\$	\$	\$
4-1/2 times base		440,169			
3-3/4 times base			366,808		
3-1/4 times base				317,900	
3 times base					293,446
Total debt limitation	<u>220,085</u>	<u>440,169</u>	<u>366,808</u>	<u>317,900</u>	<u>293,446</u>
Indebtedness:					
Bonds payable	17,510	10,240	10,337		
Bonds authorized and unissued	<u>19,566</u>	<u>84,151</u>	<u>100</u>		
Total indebtedness	<u>37,076</u>	<u>94,391</u>	<u>10,437</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 183,009</u>	<u>\$ 345,778</u>	<u>\$ 356,371</u>	<u>\$ 317,900</u>	<u>\$ 293,446</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$684,708.