

## Official Statement Dated June 9, 2020

### NEW ISSUE

**STANDARD & POOR'S: AAA**

(See "Ratings" herein)

*In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code, and is not a specific preference item for purposes of the Federal alternative minimum tax. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein.)*

## **TOWN OF BRANFORD, CONNECTICUT**

### **\$13,105,000 GENERAL OBLIGATION BONDS, ISSUE OF 2020**

#### **BOOK-ENTRY-ONLY**

#### **Dated: Date of Delivery**

**Due: July 1, 2021-2037**

The Bonds will be general obligations of the Town of Branford, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein).

Interest on the Bonds will be payable semiannually on January 1 and July 1 in each year until maturity, commencing January 1, 2021. The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. DTC will act as security depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

**The Bonds are subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein.)**

The Certifying, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

#### **MATURITY SCHEDULE AND AMOUNTS\***

Maturity	Amount	Coupon	Yield	CUSIP (1)	Maturity	Amount	Coupon	Yield	CUSIP (1)
2021	\$ 1,865,000	5.000%	0.220%	105385YM4	2030	\$ 570,000	4.000%	1.150%*	105385YW2
2022	1,240,000	5.000	0.270	105385YN2	2031	570,000	4.000	1.290*	105385YX0
2023	1,885,000	5.000	0.330	105385YP7	2032	570,000	4.000	1.440*	105385YY8
2024	1,190,000	5.000	0.420	105385YQ5	2033	565,000	4.000	1.590*	105385YZ5
2025	440,000	1.000	0.500	105385YR3	2034	565,000	3.000	1.930*	105385ZA9
2026	440,000	5.000	0.650	105385YS1	2035	565,000	3.000	1.980*	105385ZB7
2027	570,000	5.000	0.790	105385YT9	2036	565,000	3.000	2.020*	105385ZC5
2028	570,000	5.000	0.880	105385YU6	2037	365,000	3.000	2.070*	105385ZD3
2029	570,000	4.000	0.990*	105385YV4					

\* - Yield assuming redemption on July 1, 2028 however any such redemption is at the option of the Town. (See "Optional Redemption" herein).

**PIPER | SANDLER**

*The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry form will be made to DTC in New York, New York on or about July 2, 2020.*

- (1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING OF AN INFORMED INVESTMENT DECISION.**

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in this Official Statement or any supplement which may be issued hereto; and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Issuer. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Issuer since the date of the Official Statement.

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Issuer contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Issuer relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The Auditors have not provided their written consent to use their Independent Auditor's Report. The Auditors have not been engaged nor performed audit procedures regarding the post audit period nor reviewed the Official Statement.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement (other than matters expressly set forth as its opinion in Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein) and makes no representation that it has independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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## THE BOND ISSUE SUMMARY

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*The information in this Bond Issue Summary and the front cover page is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. This Official Statement speaks only as of its date and the information herein is subject to change.*

<b>Issuer:</b>	Town of Branford, Connecticut (the "Town").
<b>Issue:</b>	\$13,105,000 General Obligation Bonds, Issue of 2020, (the "Bonds").
<b>Dated Date:</b>	Date of Delivery, July 2, 2020.
<b>Interest Due:</b>	January 1, 2021 and semiannually thereafter on July 1 and January 1 in each year until maturity.
<b>Principal Due:</b>	Serially, July 1, 2021 through 2037, as detailed in this Official Statement.
<b>Purpose and Authority:</b>	A portion of the Bonds will be used to refund at or prior to maturity all or a portion of certain outstanding bonds of the Town. See "Plan of Refunding" herein. A portion of the Bonds are being issued to finance capital projects undertaken by the Town. See "Authorization and Use of Proceeds of the Bonds" herein.
<b>Redemption:</b>	The Bonds are subject to redemption prior to maturity. See "Optional Redemption" herein.
<b>Security:</b>	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Bonds when due.
<b>Credit Rating:</b>	The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The bond rating on the Town's outstanding bonds is currently "AAA" by S&P. See "Ratings" herein.
<b>Tax Exemption:</b>	See Appendix B – "Form of Opinion of Bond Counsel and Tax Matters" herein.
<b>Bank Qualification:</b>	The Bonds shall <u>not</u> be designated as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.
<b>Continuing Disclosure:</b>	In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided, (i) annual financial information and operating data, (ii) notices of certain events within ten (10) business days of occurrence of such events and (iii) timely notice of a failure to provide the required financial information by the date specified pursuant to a Continuing Disclosure Agreement to be executed by the Town in substantially the form attached as Appendix C to this Official Statement.
<b>Registrar, Transfer Agent, Certifying Agent, Paying Agent and Escrow Agent:</b>	U.S. Bank National Association, Corporate Trust Services, 225 Asylum Street, 23 <sup>rd</sup> Floor, Hartford, Connecticut.
<b>Legal Opinion:</b>	Joseph Fasi LLC of Hartford, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Bonds in book-entry-only form will be made to The Depository Trust Company on or about July 2, 2020 against payment in <b>Federal Funds</b> .
<b>Issuer Official:</b>	Questions regarding the Town and this Official Statement should be directed to James P. Finch, Jr., Finance Director, 1019 Main Street, Branford, Connecticut 06405 - Telephone (203) 315-0663.
<b>Municipal Advisor:</b>	Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, attention: Mr. Mark N. Chapman, Managing Director, Telephone: (860) 290-3001.

## I. SECURITIES OFFERED

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### INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Branford, Connecticut (the "Town") with assistance from the municipal advisor in connection with the issuance and sale of \$13,105,000 General Obligation Bonds, Issue of 2020 (the "Bonds").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Hilltop Securities Inc. ("HilltopSecurities") is engaged as Municipal Advisor to the Town in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. HilltopSecurities, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal and state income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

### DESCRIPTION OF THE BONDS

The Bonds will be dated the date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable commencing January 1, 2021 and on July 1 and January 1 in each year until maturity or earlier redemption. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds at the rates per annum as set forth on the cover page, as of the close of business on the fifteenth day of June and December in each year, or the preceding business day if the fifteenth is not a business day. A total of \$7,705,000 of the Bonds (the "Capital Projects Bonds") will be used to finance certain capital projects of the Town. The remaining \$5,400,000 of the Bonds (the "Refunding Bonds") will be used to refund certain outstanding general obligation bonds of the Town. (See "Authorization and Use of Proceeds of the Bonds" and "Plan of Refunding" herein). A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Registrar, Certifying Bank, Transfer, Escrow and Paying Agent will be U.S. Bank National Association of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Joseph Fasi LLC, of Hartford, Connecticut. (See Appendix B – "Form of Opinion of Bond Counsel and Tax Matters" herein). The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. **The Bonds are subject to redemption prior to maturity as described herein. (See "Optional Redemption" herein.)**

### OPTIONAL REDEMPTION

The Bonds maturing on or before July 1, 2028 are not subject to redemption prior to maturity. The Bonds maturing on July 1, 2029, and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after July 1, 2028, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
July 1, 2028 and thereafter	100%

## NOTICE OF REDEMPTION

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

## AUTHORIZATION AND USE OF PROCEEDS OF THE BONDS

### Authorization:

The Capital Projects Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of Branford, and certain bond resolutions adopted by the Representative Town Meeting.

Use of Proceeds: Proceeds of the Capital Projects Bonds will be used as follows:

<b>Projects</b>	<b>Amount of Total Authorization (1)</b>	<b>Previously Bonded</b>	<b>BANs Outstanding</b>	<b>Additions (Reductions) (1)</b>	<b>The Capital Projects Bonds (This Issue) (1)</b>
Pump Station Renovations.....	\$ 2,500,000	\$ 2,400,000	\$ -	\$ 100,000	\$ 100,000
Main Street Improvements (2020).....	2,750,000	200,000	-	45,000	45,000
Walsh Intermediate School Renovation.....	88,200,000	55,600,000	-	3,400,000	3,400,000
Blackstone Library.....	5,745,000	2,150,000	-	195,000	195,000
Sewer System Improvements (2019).....	3,975,000	-	-	2,710,000	2,710,000
East Industrial Road Reconstruction.....	1,750,000	-	-	1,750,000	1,750,000
Stony Creek Wharf Reconstruction.....	350,000	-	-	350,000	350,000
Town Wide Drainage Improvements.....	500,000	-	-	452,327	452,327
Total.....	<u>\$ 105,770,000</u>	<u>\$ 60,350,000</u>	<u>\$ -</u>	<u>\$ 9,002,327</u>	<u>\$ 9,002,327</u>

- (1) The Town reserves the right to reallocate proceeds among its bond authorized projects to meet its capital cash flow needs. Amounts used to finance capital projects of the Town include a portion of the original issue premium for the Capital Projects Bonds. Includes \$1,297,327 of original issue premium which will be applied to capital project purposes.

## PLAN OF REFUNDING

The Refunding Bonds are being issued pursuant to a refunding bond resolution (the "Resolution") adopted by the Town's Representative Town Meeting ("RTM") at a meeting held April 22, 2020. The Resolution authorizes the issuance of bonds not to exceed \$6,800,000 in the aggregate principal amount to be applied to the refunding in whole or in part of the outstanding principal of and interest and any call premium on any of the Town's outstanding bonds, and the payment of costs of issuance of the Refunding Bonds.

The following is a list of the State of Connecticut Clean Water ("CWF") Project Loan Obligations ("PLO") to be refunded (the "Refunded Bonds") with a portion of the proceeds of the Bonds. The refunding is contingent upon delivery of the Bonds.

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
CWF-358-C	4/3/2003	9/30/2022	\$ 2,557,547.67	2.000%	7/2/2020	100.0%
CWF-138-CSL	3/1/2007	2/1/2027	2,306,078.45	2.000%	7/2/2020	100.0%
CWF-139-CSL	12/1/2008	12/1/2027	1,035,930.46	2.000%	7/2/2020	100.0%
TOTAL			<u>\$ 5,899,556.58</u>			

Upon delivery of the Bonds, a portion of the proceeds together with certain funds of the Town will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement"), dated as of the date of delivery of the Bonds, between the Escrow Agent and the Town. The Escrow Agent may use such proceeds to purchase direct non-callable obligations of the United States of America or other securities permitted by Section 7-400 of the General Statutes (the "Escrow Securities"), the maturing principal and interest on which will be sufficient, together with any uninvested cash, to pay the interest on and the principal and redemption price of the respective Refunded Bonds coming due on and prior to their respective redemption dates.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations as of the date of the closing on the Bonds of (1) the adequacy of the uninvested cash, to pay when due, the principal, interest and call premium payments required on the Refunded Bonds to and including on the redemption date, (ii) the yield on the Bonds and (iii) net present value savings, will be verified by American Municipal Tax-Exempt Compliance Corporation ("AMTEC"). Such verification shall be based on information and assumptions supplied by the Underwriter and the Town, and such verification, information, assumptions, and calculations of net present value savings to the Town as a result of issuance of the Refunding Bonds, will be relied upon by Bond Counsel in rendering its opinion described herein. AMTEC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

*[The remainder of this page intentionally left blank]*

## ESTIMATED SOURCES AND USES OF BOND PROCEEDS

<b>Sources:</b>	<b>The Capital Projects Bonds</b>	<b>The Refunding Bonds</b>	<b>Total</b>
Par Amount.....	\$ 7,705,000.00	\$ 5,400,000.00	\$ 13,105,000.00
Net Original Issue Premium.....	1,328,977.70	558,606.90	1,887,584.60
Total Sources.....	<u>\$ 9,033,977.70</u>	<u>\$ 5,958,606.90</u>	<u>\$ 14,992,584.60</u>
<b>Uses:</b>			
Deposit to Escrow Deposit Fund.....	\$ -	\$ 5,900,026.42	\$ 5,900,026.42
Deposit to Capital Projects Fund.....	8,950,000.00	-	8,950,000.00
Underwriter's Discount.....	28,893.75	20,250.00	49,143.75
Cost of Issuance.....	55,083.95	38,330.48	93,414.43
Total Uses.....	<u>\$ 9,033,977.70</u>	<u>\$ 5,958,606.90</u>	<u>\$ 14,992,584.60</u>

## RATINGS

The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The rating on the Town's other outstanding bonds is "AAA" by S&P. Such rating reflects only the views of such rating agencies and any explanation of the significance of such rating may be obtained from S&P at the following address: Standard and Poor's Corporation: 55 Water Street, New York, New York 10041. The Town furnished certain information and materials to S&P, some of which may not have been included in this Official Statement. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds and notes, including the Bonds.

## SECURITY AND REMEDIES

The Bonds will be general obligations of the Town of Branford, Connecticut and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenue of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property, such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and, under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues or Town property to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.



Enforcement of a claim for payment of principal of or interest on such bonds and notes would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, heretofore or hereafter enacted by the Congress or Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied and to the exercise of judicial discretion. Under the federal bankruptcy code, the Town may seek relief only, among other requirements: it is specifically authorized in its capacity as a municipality or by name to be a debtor under Chapter 9 Title 11 of the United States Code, or by state law or by government officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and to issue bonds or other obligations.

## **BOOK-ENTRY-ONLY TRANSFER SYSTEM**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each interest rate of Bonds in the aggregate principal amount of such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

## **REPLACEMENT BONDS**

The determination of the Town authorizing the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

## **DTC PRACTICES**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

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## **THE COVID-19 OUTBREAK**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread globally, including the United States, and to Connecticut, has been declared a pandemic by the World Health Organization. On March 13, 2020, the President of the United States declared a national emergency. The spread of COVID-19 has altered the behavior of businesses and people in a manner that is having negative effects on global and local economies. In addition, stock markets in the U.S. and globally have seen significant declines and volatility attributed to concerns over COVID-19, and is widely expected to affect economic growth worldwide. The degree of any such impact to the Town's operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. While the potential impact on the Town cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the Town and its economy.

### **State Mitigation Efforts and Fiscal Impact**

On March 10, 2020, Governor Lamont declared a state of emergency throughout the State of Connecticut as a result of the COVID-19 outbreak. State agencies have been directed to use all resources necessary to prepare for and respond to the outbreak. To date, the Governor has cancelled all public-school classes for all students for the remainder of the school year, restricted social and recreational gatherings to no more than 5 people, suspended activity at the State Capitol and legislative office building, suspended non-exigent operations of the judicial branch, limited restaurants to take-out and delivery only, required all businesses and not-for-profit entities in the State to employ, to the maximum extent possible, any telecommuting or work from home procedures that they can safely employ and required closure of all non-essential businesses and not-for-profit entities.

On April 30, 2020, Governor Lamont announced a four-stage plan to reopen the State's economy following a recent decline in hospitalizations related to the virus. The plan's first stage allows for the reopening of retailers, offices, outdoor restaurants and outdoor recreation facilities by May 20, 2020. The reopening plans are subject to restrictions. The Governors Executive Orders can be found at [CT.gov/Coronavirus](https://www.ct.gov/Coronavirus). Additional reopening stages will be dependent on many factors including, but not limited to, the continuing decline of hospitalizations due the virus, increased testing, implementation of a contact tracing program and sufficient personal protective equipment for hospital workers.

The State's Office of Fiscal Analysis released its consensus revenue estimate as of April 30, 2020 for fiscal years ending 2020-2024, which estimate the impact of the COVID-19 outbreak on the State's finances. Pursuant to a State Office of Policy and Management ("OPM") Letter dated April 30, 2020, which revised its prior estimate of April 20, 2020, OPM now projects a year-end operating shortfall of \$934.0 million (Office of Fiscal Analysis = 4/30 FY20 estimate = \$958.5 million), which represents an increase of \$403.8 million from the level previously reported on April 20, 2020. OPM reported that the change was primarily driven by a timing shift in the receipt of federal grant revenue. The projected shortfall of revenues represents approximately 4.8% of the State's General Fund. Any year-end deficit will, by operation of existing state law, be addressed through a transfer from the Budget Reserve Fund when the Comptroller closes the books for fiscal year 2020. OPM estimated that the fiscal year ending 2020 deficit would be partially off-set by a \$318 million Volatility Cap deposit for fiscal year ending 2020. After application of the Volatility Cap deposit, the fiscal year 2020 deficit would reduce the State's Budget Reserve Fund from approximately \$2.5 billion to \$1.9 billion. Based the consensus revenue estimate, the State currently estimates that revenues for fiscal years 2021-2024 will be reduced as a result of the COVID-19 outbreak. Pursuant to the Constitution of the State of Connecticut, the General Assembly is required to adopt a balanced biennial budget of the State (the next being the fiscal year 2022-2023 biennium budget), which generally is commenced during the regular session of the General Assembly prior to the beginning of the next biennium.

Information regarding the State budget and the COVID-19 impact can be found at [cga.ct.gov/ofa](https://cga.ct.gov/ofa) Budget Status Reports, Monthly Projects, prepared by the Office of Fiscal Analysis.

### **Town Mitigation Efforts and Fiscal Impact**

On March 19, 2020, the Town declared a local state of emergency. The Town has closed Town Hall to the public and will operate Town offices with limited staff performing essential services. In addition, the Town has taken multiple measures to limit the congregation of groups and enhance social distancing. While a potential risk, the Town does not anticipate the outbreak to have a materially adverse financial effect on the Town for Fiscal Year 2020. The Town's finances and financial plans remain stable. Over 95% of the Town's annual revenues have already been received as of April 30, 2020, including the collection of 100% of budgeted property taxes to date.

For its Fiscal Year 2020, the Town budgeted to receive approximately 2.8% of its revenues from the State, of which it has received 100% as of May 12, 2020. At this time, there can be no assurances that the Town will receive the same level of funding as it has in the past or whether a change in funding, if any, will have a material adverse effect on the finances of the Town.

For its Fiscal Year 2021, the Town budgeted to receive approximately 2.6% of its revenues from the State. At this time, there can be no assurances that the Town will receive the same level of funding as it has in the past or whether a change in funding, if any, will have a material adverse effect on the finances of the Town.

### **Property Tax Collection Impact**

Under Authority of the declared public health and civil preparedness emergency, the Governor has issued several Executive Orders which supersede existing statutes, municipal charters, ordinances and other law during the emergency period. Included in the emergency orders are provisions with respect to municipal tax collections. Executive Order 7S (“EO 7S”) establishes a tax deferment program “Deferment Program” and a low interest rate program “Low Interest Rate Program”, collectively, the “Tax Assistance Programs”, to support eligible taxpayers, and others who have been economically affected by the COVID-19 pandemic. EO 7S requires municipalities to select and implement one or both of the Tax Assistance Programs by April 25, 2020.

The Deferment Program provides a 90 day deferment to pay taxes and municipal assessments and utilities. Further guidance from the Office of Policy and Management addresses eligibility.

The Low Interest Rate Program reduces the interest rate that accrues on delinquent taxes to 3%: i) for 90 days from the date the tax is due or payable for taxes due and payable from March 10 through July 1, 2020; and ii) for taxes delinquent on or prior to March 10, during the 90 day period commencing April 1, 2020.

The Branford Representative Town Meeting voted on April 21, 2020 to offer the Low Interest Rate Program to residents and other taxpayers. The Low Interest Rate Program was selected after carefully reviewing the timing and magnitude of the Town’s cash flow needs. While estimating tax collections under current circumstances is unprecedented, the Town does not anticipate the need to issue Tax Anticipation Notes (TANs), but management is evaluating a possible TAN resolution in the event actual results differ significantly from expected.

Order 7S also suspends all non-judicial tax sales effective immediately and postpones them until a date the tax collector selects that is at least 30 days after the Governor declares the COVID-19 emergency to have ended. In addition, Order 7S extends all redemption periods for tax sales conducted in the prior six months by the duration of the emergency and reduces the interest rate for doing so to 3% per annum (0.25% monthly).

### **Federal Government Response to COVID-19’s Impact on the Economy**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Stabilization Act (the “CARES Act”) that provides in excess \$2 trillion of relief to industries and entities throughout the country, including state and local governments. Under the CARES Act, \$150 billion will be appropriated to states and other units of government for activities that are directly related to COVID-19; the amount paid to each state will be based on population with a minimum payment of \$1.25 billion. In addition, the CARES Act will provide \$454 billion to the Federal Reserve to purchase business, state or municipal securities in order to provide a level of liquidity to the municipal market. Other financial relief affecting states and local governments includes \$30.9 billion for education, \$10 billion for airports, \$25 billion for transit providers, and \$17 billion for housing, including \$5 billion for Community Development Block Grants for COVID-19 related services.

On March 28, 2020, President Trump approved Governor Lamont’s request for a disaster declaration for the State of Connecticut. Under the declaration, it is expected that federal funding will be made available to state, tribal and eligible local governments and certain private nonprofit organizations for emergency protective measures, including direct federal assistance, for all areas of Connecticut impacted by COVID-19. The impacted agencies and towns will be reimbursed for 75 percent of the costs associated with their response and emergency protective measures.

## **QUALIFICATION FOR FINANCIAL INSTITUTIONS**

The Bonds shall NOT be designated as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions (as defined by Section 265 (b) of the Code) for interest expense allocable to the Bonds.

## **AVAILABILITY OF CONTINUING DISCLOSURE INFORMATION**

The Town prepares, in accordance with State law, annual audited financial statements and is generally required to file such annual audits with the State Office of Policy and Management on an annual basis. The Town also provides, and expects to continue to provide to S&P Global Ratings ongoing disclosure in the form of the Annual Audited Report and the Adopted Budgets, and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a continuing disclosure agreement with respect to the Bonds (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past 5 years, the Town has not failed to comply, in any material respects, with its undertakings under such agreements.

## **UNDERWRITING**

Piper Sandler & Co. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the Town at a net aggregate purchase price of \$14,943,440.85 (consisting of the principal amount of \$13,105,000.00 plus original issue premium of \$1,887,584.60 less underwriter's discount of \$49,143.75.) The Underwriter will be obligated to purchase all such Bonds if any such Bonds are purchased. The Underwriter may offer and sell the Bonds to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices stated on the cover page of this Official Statement, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter has entered into a distribution agreement (the "CS & Co. Distribution Agreement") with Charles Schwab & Co., Inc. for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the CS & Co. Distribution Agreement, CS & Co. will purchase the Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS & Co. sells.

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## II. THE ISSUER



### DESCRIPTION OF THE TOWN

Settled in 1644 as part of the New Haven Colony, Branford was named in 1653, and adopted its first charter in 1958, amended most recently in 1991.

The Town's land area is 22 square miles, with more than 20 miles of shoreline along Long Island Sound. Located in the south central part of the state in New Haven County, Branford is approximately 90 miles east of Manhattan and 40 miles south of Hartford, the state capital. It is bound on the north by the Town of North Branford, west by the Town of East Haven, south by Long Island Sound, and east by the Town of Guilford.

Branford is an established, suburban residential community with an extensive commercial, retail and modern industrial base. The 2010 U.S. Census reported the Town's population at 28,026.

The Town supports and encourages a balance of industrial, commercial and residential properties and the Town's Economic Development Commission and Planning and Zoning Commission work together towards that end, and often collaborate with the Branford Chamber of Commerce to continuously improve the Town's business climate.

The Town enjoys four direct points of access to Interstate 95. Route 1 (Boston Post Road) as well as State Routes (SR) 139, 142, and 146 (the latter also holding designation as a State Scenic Roadway) all go through Town. The I-95 junction with I-91 is minutes away in New Haven, less than ten miles from the Town green. Branford's stretch of Interstate 95 has recently been improved as part of the federally funded New Haven Harbor Corridor Project, providing wider lanes, new access ramps, and better lighting, making the Branford area safer for everyone on the highway. Commuter bus service is provided by the Greater New Haven Transit District (through the Connecticut Department of Transportation) and DATTCO, a commercial bus serving shoreline communities east of New Haven and R Link service to North Haven and North Branford via Route 139. An in-town jitney service operating seven days a week is being explored.

For rail transportation, Branford is an easy commute to New Haven on the Shore Line East, which also provides direct connections to Metro North service to Manhattan's Grand Central Station and to Amtrak with its new Acela train with service along the entire northeast corridor.

Air travel is a few minutes away at nearby Tweed-New Haven Regional Airport, or approximately 50 minutes away at Bradley International Airport in Hartford. Additional national and international air service is available through New York's JFK and LaGuardia airports (limo service is available from New Haven), as well as T.F. Green in Providence, Rhode Island.

Branford has a diverse economic base, composed of both traditional and high tech manufacturers, a vibrant bioscience community (the Town is host to more biotech jobs than any other single town in the state) and a broad retail component that ranges from big-box to specialty boutiques. Major corporations include, Blakeslee Prestress, Connecticut Hospice, Branford Hills Health Care, Seton Identification Products, Cintas Corporation, Harco Electric, CAS Medical, and 454 Corporation, many of them leaders in their respective fields of bioscience, medical device development, operating manufacturing and research.

Because of Branford's close proximity to New Haven's Yale-New Haven Medical Center which combined with St. Raphael's Hospital in September 2012, which provides approximately 1,500 licensed beds, the Town has over one hundred fifty area physicians whose efforts are supplemented by the Visiting Nurse Association patient and child care programs. In 1980 Branford became the home of Connecticut Hospice, Inc., the nation's first hospice. The 52 bed inpatient facility treats terminally ill patients and family, as well as providing an 18 town area home care program. Combined the facility employs 156 full time staff. The Town also has a 190 bed skilled nursing facility licensed by the State of Connecticut for Medicaid and Medicare beneficiaries offering in-patient and out-patient rehabilitation services. In addition, there is a 110 unit apartment complex for assisted living licensed by the State of Connecticut, and a 90 apartment congregate living center and retirement home.

Financial institutions in the Town include Capital One Bank, Citizens Bank, Key Bank, Wells Fargo Bank, Bank of America, People's United Bank, Liberty Bank, Guilford Savings Bank, Crosspoint Credit Union, Connex Credit Union and TD Bank.

## **ECONOMIC AND COMMUNITY DEVELOPMENT**

Branford has a diverse economic base, composed of both traditional and high tech manufacturers, a vibrant bioscience community along with a broad retail component ranging from big-box to specialty boutiques. Each sector contributes to providing the Town with a strong tax base with employment opportunities that keep the town consistently well below the region and state unemployment levels, current year to date average of 4.7%. The Town's major industry clusters include biotech R&D, medical and healthcare services, manufacturing, retail, and tourism.

The Town's economic development office works closely with businesses on issues ranging from site selection to expansion to training, and has developed a strong relationship with a variety of industry associations and state and regions organizations to promote Branford with new and expanding businesses. That includes being an active member with REX Development, BioCT, CCIM [CT's association of commercial brokers], the Greater New Haven and the Shoreline Chambers of Commerce, Workforce Alliance, the New Haven Manufacturing Association, and the CT Technology Council.

In biotech, Branford boasts one of the state's strongest R&D communities with Ancera, Axerion Therapeutics, AxioMx, BioXcel, Celldex, Core Informatics, Evotec, Forma, FreeThink Technologies, sema4, Thetis Pharmaceuticals, and Viiv among them. Many of these companies continue to grow and expand as they work closely with the Town and by leveraging affiliations with BioCT, the state's biotech association; forging a relationship with UConn TIP – Technology Incubator Program -- for start-ups to move to when they have outgrown their TIP space; and, partnering with ABCT (Accelerator for Biosciences in Connecticut), a state led competitive program for entrepreneurial research MBAs and MDs to create new bioscience ventures.

Health care is another industry cluster that continues to grow with Branford Hills Health Care, Connecticut Hospice, Connecticut Orthopedic Center, Stony Creek Urgent Care, Hearth at Gardenside, and Artis Memory Care & Senior Living. Virginia-based Artis recently opened a new 64-bed residential care facility, its first location in the northeast. Meanwhile, Yale University-affiliated Yale Dermatology Associates has established its shoreline operation as a major tenant in a prominent building on Route 1. CPa, a new medical coding service provider, began operation less than four years ago and is currently planning its second expansion. Connecticut Orthopedic Specialists just received approval for its second expansion in the last three years. This 7,500 square foot expansion involves renovating an existing building across Route 1 from its main facility.

Branford's manufacturing sector includes aerospace specialists Arconic Howmet [formerly Alcoa] and Harco Electric, with CAS Medical Systems, Ivy Biomedical Systems, and Defibtech leading the medical manufacturing sector. American Polyfilm, Wilson Arms, and Madison Polymeric Engineering are further examples of manufacturing enterprises that have expanded, enlarging their physical footprints and increasing their workforce. Recent expansions include American Polyfilm's new 28,000 square foot state-of-the-art manufacturing facility, doubling its workforce growing to be one of the largest manufacturers of polyfilm in the U.S. and with increased exports. It also decided to keep and expand its former manufacturing facility operating due to product demand. Recently American Polyfilm purchased a vacant two-acre property and received approval for the construction of an approximately 25,000 square foot warehouse facility to free up room at its other facilities to further increase its manufacturing capacity. Wilson Arms, a manufacturer of specialty rifle barrels, has purchased a 26,000 square foot building following a recent 20,000 square foot expansion at its nearby headquarters site. Defibtech relocated to Branford in late 2016 and opened a new 24,000 square foot facility, and has plans for further expansion underway. Germany based Bausch + Strobel, is finalizing approvals and plans to construct a new, over 75,000 square foot. facility at which it will consolidate its existing operations in an adjacent town and expand its operations regarding the design and manufacture of production equipment for the pharmaceutical industry.

Branford is now home to three breweries, two occupying facilities with nearly 30,000 square feet each. Focusing on product manufacturing and distribution, the Branford brewers have already established a footprint up the eastern seaboard and throughout the northeast. In addition to being manufacturers, each is part of the tourism industry with their tasting rooms and facility operation tours, creating visitor destinations and providing Branford with its own "beer trail" for visiting beer lovers to enjoy. In the short number of years since it opened Stony Creek Brewery has become a major destination in the state, drawing over 300,000 visitors a year and moving the DOT to erect tourist signs along I-95 to guide visitors to its town center site. At the same time, Thimble Island Brewery moved from its original 2,500 square foot start-up site into more than 25,000 square feet, allowing for more production capability, a larger tasting room and an addition of an event room to accommodate parties and meetings. Combined with more than twenty miles of shoreline with marinas, yachts clubs and the Thimble Islands, Branford is capitalizing on this new industry and a general growth in tourism that concentrates on life-style. This is one reason the founder of Stony Creek Brewery has developed plans for 30 apartment units on the Branford River.

Commercial and industrial investments of a more general nature include a new 33,000 square foot state-of-the-art facility for the existing Premier Subaru dealership, a proposed 100-room Hampton Inn, and site preparation for a new 75,000 square foot retail center all along the Route 1 commercial corridor.

Branford's diverse retail community includes national names such as Walmart and Kohl's, as well as independently owned and nationally recognized specialty shops, such as Zane's Cycles and soundRUNNER.

The "Town Center Revitalization" was completed in the early 1990s with new streets and sidewalks, lighting, public parking lots and streetscape improvements to the Town Center. The revitalization was a cooperative effort between private property owners and the Town in which owners agreed to enlarge and improve building façades and the Town agreed to provide infrastructure improvements to benefit all merchants within the designated area. The program greatly enhanced the area around the Town Green, which has further encouraged retail trade and business in that part of Town. As a result, the Branford Town Center is often used by the Yale's Center for Urban Design and others as a model town center.

The Town has revisited that project and is now working with engineers and consultants to build on the success of that original revitalization project and to continue efforts to improve vehicular and pedestrian traffic flow and parking availability, as well as to upgrade lighting and signage. The Town has been successful in recent years in securing state grants and funding to continue to improve and upgrade the Town Center's infrastructure. Examples are: the re-design, paving, and landscaping of a highly visible and strategically placed parking lot across from the Town Green; extending pedestrian walkways and lighting from Main Street along the side and back of the Town Green; restoration and repairs to The Academy, an early 19<sup>th</sup> century school building and historical landmark that graces the south corner of the Town Green facing Branford's historic Center Cemetery. These efforts have resulted in keeping the Town Center as the commercial, social and civic heart of the Town.

It has also helped spark proposed private investment. Only a few years after the completion of "Green View Commons", a 119-unit apartment complex a block from the Town Green, the proposed "Atlantic Wharf" project will offer the same convenience and amenities of living in the Town Center. The proposed re-development of the seven and one-half acre former Atlantic Wire mill complex near the Town Green received unanimous zoning approval and broad community support. With demolition over and site remediation nearly completed, the \$55 million project will transform an obsolete industrial site into a 21<sup>st</sup> century mixed use commercial / residential complex that is an easy walk to the Town Green, the train station, and the Branford River. The over 200 new apartment units are designed to meet a demonstrated need for housing opportunities for young professionals who want to live with easy access to rail and bus service and close to all the amenities the Town Center offers with its restaurants and entertainment.



Another 100+ unit residential project adjacent to the Town Center and located on an obsolete industrial site, the proposed “Mariner’s Landing” development is about to enter the formal zoning review process. Located directly along the shore of the Branford River (an estuary of Long Island Sound with several marinas), this development, adjacent to both the Stony Creek Brewery noted above and the train station, will include a waterfront walkway, public dock and other community facilities.

Although smaller in scale by comparison, investments by two local businesses, Digestive Disease (a gastroenterology practice) and Sachem Capital (a real estate finance company), to expand their businesses by renovating two existing buildings in the Town Center this past year are the most recent economic benefits of this on-going focus on the Town Center.

The train station itself recently underwent a second expansion with the addition of a new passenger platform on the north side of the tracks with connecting pedestrian bridge and a curbside “kiss & ride” site to facilitate commuter drop offs. These improvements anticipate expanded rail service connecting Branford to Yale University, Yale New Haven Hospital, and other major employers in New Haven, as well as connecting to Metro North service to New York, Amtrak to Boston, and the newly inaugurated New Haven-Hartford-Springfield rail line. This project was in addition to recent road and bridge improvements on the east end of town designed to increase capacity and improve safety and to better serve our business and residential communities.

Earlier this year, the Town completed its decennial Comprehensive or Master Plan, entitled in Connecticut the “Plan of Conservation and Development” (“POCD”), intended to serve as guide for improved utilization of underdeveloped land parcels across Town and to encourage redevelopment in high traffic commercial areas, particularly along the Route 1 corridor. A Transit Oriented Development plan was completed in late fall of 2017 and has also been incorporated into the POCD to serve as the Town’s roadmap for the next ten years. A Coastal Resilience Plan, completed in 2016, was also incorporated into the adopted POCD.

Initial implementation efforts include a rezoning to decrease off-site parking requirements for retail and restaurants in the Town Center area, the development of a more flexible commercial/industrial hybrid zone with additional design standards for locations directly adjacent to several of the Town’s Interstate highway exits, and a provision to allow more intensive use of the remaining agricultural establishments and farms as venues for weddings and other similar events.

## **FORM OF GOVERNMENT**

Branford is administered by a First Selectman, who acts as the Chief Executive Officer, a Board of Selectmen, a Representative Town Meeting (“RTM”), and a six member Board of Finance that constitute the Selectmen/Board of Finance/RTM form of government.

General Town elections are held on the first Tuesday after the first Monday in November of each odd numbered year to elect the Board of Selectmen, Town Treasurer, Tax Collector, Town Clerk, and members of the RTM. Their terms of office are for two years.

The Board of Finance consists of six members who are appointed by the Board of Selectmen. No more than three can be members of the same political party.

The RTM is made up of thirty elected members representing seven voting districts. The members of the RTM choose one of their members to be Moderator of the RTM, who presides over all its meetings.

The legislative power of the Town is vested exclusively in the RTM, except as otherwise provided for by the electors. The RTM has the power to enact, amend, or repeal ordinances not inconsistent with the Charter or the General Statutes of the State. The electors have the power to approve or reject an ordinance by referendum, as provided in the Charter. The Board of Finance prepares the annual budget for recommendation to the RTM and sets the mill rate, as prescribed by Town Charter.

## MUNICIPAL OFFICIALS

	<u>Selection</u>	<u>Term Expires</u>	<u>Years of Service</u>
James B. Cosgrove - First Selectman.....	Elected	November 2021	6.5
Joseph E. Higgins, Jr. - Selectman.....	Elected	November 2021	6.5
Raymond Dunbar, Jr. - Selectman.....	Elected	November 2021	0.5
Lisa E. Arpin - Town Clerk.....	Elected	January 2024	5.5
Roberta Gill-Brooks - Tax Collector.....	Elected	November 2021	3.5
Kurt M. Schwanfelder - Town Treasurer.....	Elected	November 2021	0.5
William A. Aniskovich - Town Attorney.....	Appointed	Indefinite	6.5
Joseph Mooney - Board of Finance Chairman.....	Appointed	July 2022	27.5
Barbara Neal - Assessor.....	Appointed	Indefinite	18.5
Hamlet M. Hernandez - Superintendent of Schools.....	Appointed	Indefinite	9.5
James P. Finch, Jr. - Finance Director.....	Appointed	Indefinite	21.5
Blum, Sharpiro & Company, PC - Independent Auditor.....	Appointed	Indefinite	23.5
Hilltop Securities Inc. - Municipal Advisor (1).....	Appointed	Indefinite	24.5

(1) Formerly Independent Bond and Investment Consultants LLC.

Source: Town of Branford.

## SUMMARY OF MUNICIPAL SERVICES

**Police:** The Branford Connecticut Police Department, organized in 1929, provides police services to the community. Branford has a land area of about 22 square miles and a population of approximately 28,000 residents and is the largest town on the shoreline between New Haven and New London, Connecticut. The Police Department responds to approximately 25,000 calls for service per year.

The Police Department is directed by the Chief and is overseen by a 6-member bipartisan volunteer, civilian police commission. The Branford Police Department is staffed by 51 sworn officers, 10 public safety Tele-communicators, 3 community service officers and 16 additional civilian support personnel including a crime analyst. The Department also maintains a cadre of 5 certified Supernumerary Police Officers.

The Police Department utilizes sophisticated computer aided dispatch and crime analysis systems along with the latest advances in mobile computing to provide exemplary community and predictive policing services to the Town. The Department is the public safety answering point ("PSAP") for the municipality and houses a fully computerized enhanced emergency 911 public safety communications center. The central communications division serves as a co-located call for service and dispatch center for all Town emergency agencies.

In addition to its patrol division, the Department also has a detective unit for major investigations, domestic violence counseling services, and youth officers, a marine division to provide services to Branford's waterways, and a police canine team. The Branford Police Department is also a member of the South Central Regional Traffic Unit and South Central Regional SWAT Team.

**Fire:** Fire protection is provided by thirty-two full-time firefighters, one full-time Fire Chief, one Assistant Chief / Fire Marshall, one full-time Deputy Chief of Administration / Safety, one full-time Fire Prevention Inspector, four Deputy Fire Chiefs and four Captains. The department provides 24 hour service that includes; paramedic level emergency medical transport. Four volunteer fire companies support fire / rescue operations as a 24 hour on call force, staffed with sixty volunteers firefighters and one volunteer Deputy Chief. All Fire Companies are dispatched via a central communications center administered jointly by the Police and Fire Departments and accessible through the E911 system. The department operates six pumpers, one ladder truck, one heavy rescue truck, two light rescue trucks, one brush truck, two fireboats, five ambulances and a variety of smaller support vehicles. The department recently received a \$1.4 million Federal Assistance to Firefighters, "Staffing for Adequate Fire and Emergency Response" ("SAFER") Grant to increase staffing from twenty-four full-time firefighters to thirty-two. The department utilizes state-of-the-art fire apparatus and equipment staffed by highly trained and motivated personnel. The Town completed construction on a new fire headquarters facility in 2012. The 34,000 square foot LEED certified building provides the department with improved living quarters, administrative areas, apparatus storage and training facilities. Construction of a new 5,000 square foot satellite station, partially funded by a \$500,000 State "Small Town Economic Assistance Program" ("STEAP") grant, was completed in November 2019 in the Indian Neck section of town. This station completely replaces the previous station originally built in 1926.

**Public Works and Engineering:** The Public Works Department provides the Town with the professional and technical service oriented activities which are necessary to operate and service the community. The Public Works Department maintains over one hundred miles of roads in Town. Substantial major public improvements of an ongoing nature are provided by the Public Works Department. The Public Works Department is also responsible for a paving and road repair program in which approximately five miles of road are serviced annually through general fund appropriations. The Public Works Department also administers the sidewalk replacement program, maintaining over 25 miles of sidewalks. Snow and ice removal on all public and private roads are the responsibility of the Public Works Department. The Public Works Department also services and maintains the storm water systems throughout the Town. The Tree Warden reports to the Public Works Department and administers all tree planting and maintenance on public land.

**Water Pollution Control Authority:** The Water Pollution Control Authority (the "Authority") oversees sanitary sewer operations in Town including the renovation and installation of sanitary facilities to new and older developments in Town. The Authority has the power to enact user charges and assessment fees to owners benefiting from the system.

The sanitary sewage system, constructed in 1961, consists of a sewage treatment facility, an interceptor line and laterals serving the central business district and surrounding areas. The system serves approximately 90% of the existing commercial and industrial areas of Town and almost 85% of the residences, including all apartments and condominiums. The plant capacity is 4.5 million gallons per day with current flow at approximately 4.1 million gallons per day. The Town also provides service to a portion of North Branford. All areas along Branford's shoreline have sewers with the exception of the Stony Creek - Thimble Island areas, which have strict sanitary sewer requirements approved by the Town and the State Department of Environmental Protection. The Town's new facility was completed in 2002. In 2003, Branford's water treatment plant was one of five such facilities in the country to receive the National Resource Defense Council "Beach Buddy" award in recognition of its efforts and success in improving the quality of the waste water being discharged in to public waterways.

**Parks and Recreation:** The Branford Recreation Department provides and maintains Sliney School Park, Parker Memorial Park, Foote Park, Supply Pond Park, Pissgah Brook, and Young's Pond Park. There are approximately 4,141 acres, or approximately 28% of total Town land, that is dedicated as open space for its residents, consisting of approximately 1,800 acres of Town-owned land, 1,000 acres of water authority land, 870 acres of land trust property, one parcel for wildlife reserve and a 20 mile trail system around the Town. In total, the Town has ten parks, four tennis facilities, one pool and two public beaches. The Town sponsors special events, provides programs for special interest groups of all ages, assists community groups in planning recreational activities, conducts workshops, clinics, special playgrounds and camps during the summer, provides lifeguards and beach constables for the waterfront facilities, and offers a wide variety of programs such as softball, tennis, aerobics fitness, indoor and outdoor volleyball, basketball, skiing and after-school programs for youngsters. There are four yacht clubs and fifteen marinas in Branford providing moorings for approximately one thousand boats. With the completion of a new regional YMCA facility in Branford, the Town now has two new swimming pools for residents to use.

**Solid Waste:** The Town owns and operates a transfer station and recycling center, which accepts almost any material generated in Branford from residents, haulers, and small businesses, for disposal or recycling at out-of-town facilities. Hazardous wastes and large quantities of construction/demolition materials are not accepted.

Covanta Bristol, Inc., a Connecticut corporation (the "Company"), operates a 650-ton-per-day mass-burn solid waste disposal, electric power generation, and resource recovery facility at 229 Technology Park. The commercial operation date was April of 1988.

The Company is a subsidiary of Covanta Energy Corporation, a Delaware corporation. The Company was formed in 1984 for the purpose of owning, designing, constructing, and operating the facility for the processing and disposal of acceptable solid waste from the City of Bristol and the Towns of Berlin, Branford, Burlington, Hartland, Morris, Plainville, Plymouth, Prospect, Seymour, Southington, Warren, Washington, and Wolcott (14 municipalities collectively referred to as the "Contracting Communities"). The Contracting Communities Agreement operating under the Bristol Resource Recovery Facility Operating Committee ("BRRFOC") expired in 2014 and each municipality has contracted with Covanta through a collective agreement through 2034. Individual municipal tonnage commitments under the prior agreement were eliminated and replaced with an aggregated fourteen community commitment so that no shortfall will occur if the municipalities, in total, reach the required aggregate commitment.

The facility design provides for two furnaces designed to process acceptable waste, each with a rated capacity of 325 tons per day. The Company has guaranteed, pursuant to the service agreement, that the yearly facility capacity will be 197,630 tons per year to the Contracting Communities, which represents an availability factor of 83.3%. The furnaces produce steam that is used to generate electricity for sale, pursuant to an agreement with Eversource. The facility has a net output of 16.2 megawatts. A dry scrubber and baghouse are utilized for the removal of acid gas and particulates from stack flue gas emissions. The facility was designed using technology developed and owned by Martin GmbH of Munich, Germany.

Waste disposal service by the Company is provided through the operation of the facility or by any other alternative disposal method reasonably acceptable to the Contracting Communities, including permitted sanitary landfills. The service fee payable by each Contracting Community for such waste disposal service is its pro-rata share, based on its respective tonnage deliveries of acceptable waste, of the sum for each period of (1) an amount equal to debt service on the bonds issued for the project, (2) the operation and maintenance expenses, and (3) pass-through costs, including certain taxes, insurance and utility costs, less a credit equal to 90% of all energy revenues and with an adjustment with respect to recovered ferrous metals. The Town pays a tipping fee for refuse and is required to deliver up to its minimum commitment of 5,113 tons for the current fiscal year. Beginning in 2019, the Town began paying a tipping fee for recyclables in response to the international decline in demand for U.S. recyclables. The Agreement provides for the Town to deliver a minimum of 5,887 tons of waste in any given contract year, subject to any adjustments stipulated in the Agreement. Currently the tipping fee is \$56.50 per ton.

If the facility is temporarily or permanently shut down and partially or completely unable to receive and process acceptable waste, the Company is obligated to provide waste disposal services by alternative disposal methods. The Company is obligated under the service agreement to seek to mitigate the effect of any shutdown, and the operation and maintenance expenses are to be adjusted to the extent the facility is unable to receive and process acceptable waste, to reflect the Company's actual direct costs of alternative disposal. Should the facility be shut down for an extended time, the cost of alternative disposal will depend upon transportation costs and tipping fees at the alternative disposal site.

The Contracting Communities are obligated to pay the service fee to the Company, whether or not the Contracting Communities deliver acceptable waste to the facility and whether or not the Company disposes of such acceptable waste through the facility. This obligation is absolute and unconditional, is not subject to any rights of set-off, recoupment or counterclaim which any Contracting Community may have against the Company, the trustee, or any other person, and may not be suspended or discontinued for any purpose. In the event of a payment default under the service agreement by any one or more of the Contracting Communities, the non-defaulting Contracting Communities are jointly and severally liable to pay such defaulted amount. The Contracting Communities have pledged their full faith and credit to pay all amounts due.

The Contracting Communities' obligation to pay the service fee ceases if the service agreement is terminated. If the service agreement is terminated due to a default by any Contracting Community, the Contracting Communities are obligated to pay amounts sufficient to defease the bonds or pay amounts sufficient to make timely payments of principal and interest on the bonds. If the service agreement is terminated due to a default by the Company, the Company is generally obligated to defease the bonds or to continue to make timely payments of principal and interest on the bonds.

**Library:** The Town has two libraries available for use by its citizens: The Willoughby Wallace Memorial Library, which is fully funded and operated by the Town, and the James Blackstone Memorial Library, which is partially funded by the Town and is governed by a private Board of Trustees, as established by a Special Act of the Connecticut General Assembly. Both facilities are staffed by full and part-time professional staff, and include over 100,000 volumes for public use. Extensive use is made of computer data retrieval technologies, including CD-ROMS and Internet access. Both libraries are members of the LION, a consortium of 25 libraries throughout the state that share an operating system using a common database for circulation and cataloguing services. In addition both libraries provide a variety of cultural events and programs for patrons of all ages.

**Human Services:** Branford Counseling Center is the municipal behavioral health department of the Town licensed by the Connecticut Department of Public Health providing individual, group and family therapy to the adults and children of Branford. Clinical treatment is provided by licensed professionals and Board certified psychiatrists. The agency accepts Medicare, Medicaid and private insurance. Branford Counseling Center is the Youth Service Bureau for the Town as well as the Social Service department which addresses such needs as emergency housing, utility shut off assistance, emergency heating fuel assistance and emergency rental assistance.

**Planning and Zoning Commission:** The Town has a combined Planning and Zoning Commission, which processes 50-100 development related zoning and subdivision applications each year. The Planning and Zoning Department, in addition to its core role of providing staff and administrative support to the Planning and Zoning Commission, provides support to the Zoning Board of Appeals and two design review boards. The Department also coordinates with other departments, Boards, Commissions, and advocacy groups to support various planning studies and projects such as the Coastal Resilience Plan, and pedestrian and bicycle improvements such as the Shoreline Greenway Trail. A Small Cities program grant, which has garnered over four million dollars for Branford projects over a period of fifteen years, is administered by the Department.

Planning studies include a grant funded, recently completed (2017) project to develop a detailed Transit Oriented Development plan for the area extending from the Town Center commercial area including the adjoining historic residential area and older industrial uses near the Branford Shore Line East Train Station and the Branford River (tidal estuary). The goal of the study and its recommended streetscape improvements and zoning changes is to foster redevelopment/investment in the area (particularly on currently underutilized industrial sites). An update of the Town's Master Plan or Plan of Conservation and Development is currently underway which includes new policies and recommendations addressing sea level rise and coastal vulnerability, including potential impact on infrastructure and how to implement possible responses/projects proposed to address expected impacts.

**Water:** The South Central Connecticut Regional Water Authority (the "Authority") provides water services to the Town and the New Haven region. Under the legislation creating the Authority, the Authority is required to pay the Town an annual payment in lieu of taxes ("PILOT") for the Authority's property within the Town boundaries. The assessed value of the Authority's property in Branford is \$13,094,103 on the Grand List of 10/01/19, generating a PILOT payment of \$380,252 for fiscal year 2020-21.

**Electric:** The Town is served by the Eversource, a publicly owned utility.

## EDUCATIONAL SYSTEM

An elected nine member Board of Education is responsible for the operation of the six Branford Public Schools. The Town of Branford Public School system provides comprehensive educational programs to students in grades pre-kindergarten through grade twelve. It also provides a wide range of adult education courses as part of a regional collaboration to numerous and varied segments of the community.

The grade structure of the public school system is pre-kindergarten; kindergarten through grade 4; grades 5 through 8 (intermediate school); and grades 9 through 12 for high school. A complete program of basic skills is offered to all students. The public schools also offer comprehensive special education services. In addition, there is a wide variety of extracurricular activities including sports.

## EDUCATIONAL FACILITIES

Schools	Grades	Date Occupied	Additions / Renovations	Number of Classrooms	Enrollment 10/01/19	Capacity
Indian Neck.....	EYP (1)	1950		8	35	200
Mary T. Murphy.....	PreK-4 (2)	1960	1991	24	385	500
Mary R. Tisko.....	K-4 (2)	1960	1991	24	365	500
John B. Sliney.....	PreK-4 (2)	1928	1979	19	291	500
Walsh Intermediate (3).....	5-8	1972		63	855	1,500
Branford High School.....	9-12	1958	1964, 1970, 1982, 1995, 1999	88	845	1,400
Total .....				226	2,776	4,600

(1) Early Years Program (EYP), Family Resource Center, and School-Age Child Care Program.

(2) Mary T. Murphy School PreK (28) and John B. Sliney School PreK (16) included in total enrollment; total PreK is 44.

(3) This school is an open-plan facility. The number of classrooms listed is a conversion from the open-plan to the approximate number of teaching stations.

Source: Central Administration - Branford Board of Education.

## SCHOOL ENROLLMENT HISTORY AND PROJECTIONS

<b>Actual</b>				
<b>As of October 1</b>	<b>PreK-4</b>	<b>5 - 8</b>	<b>9 - 12</b>	<b>Total (1)</b>
2010	1,278	1,040	1,098	3,416
2011	1,236	1,020	1,066	3,322
2012	1,222	990	1,048	3,260
2013	1,247	942	1,054	3,243
2014	1,196	916	970	3,082
2015	1,179	912	954	3,045
2016	1,153	869	931	2,953
2017	1,106	889	886	2,881
2018	1,091	869	868	2,828
2019	1,076	855	845	2,776

<b>Projected</b>				
2020	1,112	892	874	2,878
2021	1,122	865	889	2,876
2022	1,150	834	878	2,862

(1) Includes Pre-kindergarten students and special education; does not include tuition and non-graded students.

Source: Branford Board of Education and State of Connecticut Department of Education.

### MUNICIPAL EMPLOYMENT <sup>(1)</sup>

<b>Fiscal Year</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
General Government (1) ..	229	221	219	218	218	218
Board of Education (2) ...	539	534	540	540	540	544
Totals .....	<u>768</u>	<u>755</u>	<u>759</u>	<u>758</u>	<u>758</u>	<u>762</u>

(1) Budgeted positions.

(2) Board of Education employee figures listed are full time equivalents ("FTEs").

Source: Town Officials

### MUNICIPAL EMPLOYMENT BY CATEGORY

<b>Department</b>	<b>Employees</b>
<u>General Government Employees (1)</u>	
General Government .....	37
Public Safety .....	115
Public Works .....	44
Health & Welfare .....	22
Recreation .....	9
Libraries .....	2
Subtotal .....	<u>229</u>
<u>Board of Education Employees (2)</u>	
Administration and Principals .....	17
Teachers .....	286
Other .....	236
Subtotal .....	<u>539</u>
Total Town Employees .....	<u><u>768</u></u>

(1) Budgeted positions.

(2) Board of Education employee figures listed are full time equivalents ("FTEs").

Source: Town Officials.

## MUNICIPAL EMPLOYEES BARGAINING ORGANIZATIONS

<u>Employees</u>	<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
<b><u>GENERAL GOVERNMENT</u> (1)</b>			
Dispatchers.....	Connecticut Organization for Public Safety.....	10	6/30/2021
Municipal.....	United Public Services Employees Union.....	23	6/30/2022
Police Department.....	United Public Services Employees Union.....	50	6/30/2022
Fire Department.....	United Public Services Employees Union.....	42	6/30/2022
Recreation & Custodian....	United Public Services Employees Union.....	9	6/30/2022
Public Works.....	Teamsters #443.....	20	6/30/2019 (2)
Treatment Plant.....	United Public Services Employees Union - Local #424, Unit #5.....	13	6/30/2020
Town Employees.....	United Public Services Employees Union.....	21	6/30/2020
Town Supervisors.....	United Public Services Employees Union.....	12	6/30/2021
	Total Organized.....	200	
	Non-Unionized.....	29	
	Sub-total General Government.....	229	
<b><u>BOARD OF EDUCATION</u> (3)</b>			
Support Staff.....	Branford Association of Support Staff.....	34	6/30/2021
Administrators.....	Branford Administrators Organization.....	15	6/30/2021
Certified Teachers.....	Branford Education Association.....	286	6/30/2021
Nurses.....	AFSCME AFL-CIO # 4 Local 1303-365.....	8	6/30/2021
Custodians.....	AFSCME AFL-CIO # 4 Local 1303.....	35	6/30/2021
Paraprofessionals.....	UE Local 222, CILU/CIPU, CILU #88.....	136	6/30/2023
	Total Organized.....	514	
	Non-Unionized.....	25	
	Sub-total Board of Education.....	539	
Total Town Employees.....		768	

(1) Budgeted positions.

(2) In negotiations.

(3) Board of Education employee figures listed are full time equivalents ("FTEs").

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

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### III. ECONOMIC AND DEMOGRAPHIC INFORMATION

#### POPULATION TRENDS

<b>Year</b>	<b>Town of Branford</b>	<b>New Haven County</b>	<b>State of Connecticut</b>
1980	23,363	761,337	3,107,564
1990	27,603	804,219	3,287,116
2000	28,683	824,008	3,405,565
2010	28,026	862,447	3,475,097
2018	28,094	859,339	3,581,504

Source: U. S. Census Bureau, American Community Survey, 2014-2018.

#### AGE CHARACTERISTICS OF POPULATION

	<b>Town of Branford</b>	<b>New Haven County</b>	<b>State of Connecticut</b>
Under 5.....	1,064	44,747	184,983
5 - 9.....	1,169	46,921	201,006
10 - 14.....	1,516	52,114	224,135
15 - 19.....	1,239	59,427	247,182
20 - 24.....	1,415	60,278	245,490
25 - 34.....	3,778	113,690	439,848
35 - 44.....	2,577	101,320	427,023
45 - 54.....	4,353	120,783	522,138
55 - 59.....	2,566	60,833	266,170
60 - 64.....	2,191	56,815	235,949
65 - 74.....	3,427	79,037	327,414
75 - 84.....	1,574	40,745	170,979
85 and over.....	1,225	22,629	89,187
Total.....	28,094	859,339	3,581,504

Source: U. S. Census Bureau, American Community Survey, 2014-2018.

#### INCOME DISTRIBUTION

	<b>Town of Branford</b>		<b>New Haven County</b>		<b>State of Connecticut</b>	
	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>	<b>Families</b>	<b>Percent</b>
Less than \$10,000 .....	85	1.1	7,421	3.6	26,021	2.9
\$ 10,000 to 14,999 .....	93	1.3	4,554	2.2	16,472	1.8
\$ 15,000 to 24,999 .....	364	4.9	9,914	4.8	38,804	4.3
\$ 25,000 to 34,999 .....	216	2.9	13,095	6.4	50,215	5.6
\$ 35,000 to 49,999 .....	724	9.8	20,014	9.8	80,042	9.0
\$ 50,000 to 74,999 .....	1,094	14.7	32,357	15.8	127,676	14.3
\$ 75,000 to 99,999 .....	959	12.9	27,683	13.5	118,848	13.3
\$100,000 to 149,999 .....	1,722	23.2	42,256	20.6	186,154	20.8
\$150,000 to 199,999 .....	984	13.3	23,259	11.4	105,285	11.8
\$200,000 or more .....	1,178	15.9	24,251	11.8	143,423	16.1
Total .....	7,419	100.0	204,804	100.0	892,940	100.0

Source: U. S. Census Bureau, American Community Survey, 2014-2018.



## SELECTED WEALTH AND INCOME INDICATORS

	Median Family Income		Per Capita Income	
	(2000)	(2018)	(2000)	(2018)
Town of Branford.....	\$ 69,510	\$ 102,260	\$ 32,301	\$ 49,036
New Haven County.....	60,549	88,178	24,439	36,678
Connecticut.....	65,521	97,310	28,766	43,056
United States.....	49,600	73,965	21,690	32,621

Source: U.S. Census Bureau, Census 2000 and American Community Survey, 2014-2018.

## EDUCATIONAL ATTAINMENT

Years of School Completed, Age 25 & Over

Educational Attainment Group	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade.....	394	1.8	23,462	3.9	101,068	4.1
9th to 12th grade.....	693	3.2	35,743	6.0	134,758	5.4
High School graduate.....	6,153	28.4	183,897	30.9	670,519	27.1
Some college - no degree.....	3,722	17.2	100,755	16.9	416,267	16.8
Associates degree.....	1,114	5.1	44,029	7.4	190,869	7.7
Bachelor's degree.....	5,206	24.0	111,839	18.8	538,924	21.7
Graduate or professional degree.....	4,409	20.3	96,127	16.1	426,303	17.2
Total.....	21,691	100.0	595,852	100.0	2,478,708	100.0
Percentage of High School Graduates.....		95.0%		90.1%		90.5%
Percentage of College Graduates or Higher.....		44.3%		34.9%		38.9%

Source: U. S. Census Bureau, American Community Survey, 2014-2018.

## MAJOR EMPLOYERS

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of Branford.....	Municipality.....	768
Connecticut Hospice.....	Hospice.....	365
Branford Hills Health Care.....	Health Care.....	285
Wal-Mart.....	Retail Store.....	260
Blakeslee Prestress.....	Manufacturing.....	250
Stop & Shop.....	Retail Store.....	190
Cintas.....	Service.....	182
Harco Labs.....	Aeronautic Engineering.....	180
Kohl's.....	Retail Store.....	163
Big Y.....	Retail Store.....	157
CAS Medical.....	Manufacturing.....	139
Arconic Howmet.....	Manufacturing.....	95

Source: Town of Branford.

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## EMPLOYMENT BY INDUSTRY

Employment Sector	Town of Branford		New Haven County		State of Connecticut	
	Number	%	Number	%	Number	%
Agriculture, Forestry, Fishing, Hunting & Mining.....	41	0.3	1,014	0.2	7,195	0.4
Construction.....	734	4.8	24,677	5.8	107,331	5.9
Manufacturing.....	1,488	9.7	47,064	11.0	190,995	10.5
Wholesale Trade.....	850	5.5	11,906	2.8	44,714	2.5
Retail Trade.....	1,528	10.0	46,099	10.8	191,939	10.6
Transportaion, Warehousing & Utilities.....	711	4.6	18,134	4.2	72,806	4.0
Information.....	395	2.6	9,017	2.1	41,839	2.3
Finance, Insurance & Real Estate.....	1,009	6.6	27,621	6.5	164,607	9.1
Professional, Scientific & Management.....	1,520	9.9	41,798	9.8	207,632	11.5
Educational Services & Health Care.....	4,656	30.3	132,473	31.0	479,677	26.5
Arts, Entertainment, Recreation & Food Services.....	984	6.4	32,473	7.6	150,852	8.3
Other Service (including nonprofit).....	744	4.8	19,174	4.5	83,686	4.6
Public Administration.....	685	4.5	16,341	3.8	67,172	3.7
Total.....	15,345	100.0	427,791	100.0	1,810,445	100.0

Source: U. S. Census Bureau, American Community Survey, 2014-2018.

## UNEMPLOYMENT RATE STATISTICS

Yearly Average	Town of Branford %	New Haven Labor Market %	State of Connecticut %	United States %
2010	7.5	9.3	9.1	9.6
2011	7.5	9.1	8.8	9.0
2012	7.3	8.5	8.3	8.1
2013	6.7	7.9	7.8	7.4
2014	5.6	6.8	6.6	6.2
2015	5.0	5.7	5.6	5.3
2016	4.5	5.1	5.1	4.9
2017	4.2	4.7	4.7	4.4
2018	3.7	4.1	4.2	3.9
2019	3.4	3.6	3.7	3.7

### 2020 Monthly

January	3.8	4.2	4.4	4.0
February	3.8	4.1	4.4	3.8
March	3.4	3.7	3.9	4.5
April	7.9	7.2	8.0	14.4

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

## CHARACTERISTICS OF HOUSING UNITS

Owner Occupied

Value of Owner Occupied Units	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than \$50,000 .....	286	3.3	4,853	2.4	21,254	2.3
\$ 50,000 to \$ 99,999 .....	289	3.3	10,039	4.9	29,211	3.2
\$ 100,000 to \$149,999 .....	415	4.8	22,849	11.2	81,446	9.0
\$ 150,000 to \$199,999 .....	1,124	12.9	35,006	17.1	139,715	15.4
\$ 200,000 to \$299,999 .....	2,399	27.5	59,387	29.1	245,801	27.1
\$ 300,000 to \$499,999 .....	2,603	29.8	53,924	26.4	240,706	26.5
\$ 500,000 to \$999,999 .....	1,195	13.7	15,848	7.8	106,993	11.8
\$1,000,000 and over .....	413	4.7	2,389	1.2	42,008	4.6
Total .....	8,724	100.0	204,295	100.0	907,134	100.0
Median Value.....	\$293,900		\$246,700		\$272,700	

Source: U. S. Census Bureau, American Community Survey, 2014-2018.

## AGE DISTRIBUTION OF HOUSING

Year Structure Built	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier.....	2,662	19.2	94,461	25.1	337,795	22.3
1940 to 1949.....	720	5.2	26,113	6.9	104,394	6.9
1950 to 1959.....	1,644	11.9	54,821	14.6	222,628	14.7
1960 to 1969.....	1,436	10.4	45,199	12.0	206,299	13.6
1970 to 1979.....	2,258	16.3	47,680	12.7	201,360	13.3
1980 to 1989.....	3,093	22.3	45,304	12.0	191,306	12.6
1990 to 1999.....	1,035	7.5	26,934	7.2	115,459	7.6
2000 to 2009.....	688	5.0	30,362	8.1	103,632	6.9
2010 to 2013.....	168	1.2	3,507	0.9	19,181	1.3
2014 or later.....	138	1.0	1,885	0.5	10,251	0.7
Total.....	13,842	100.0	376,266	100.0	1,512,305	100.0

Source: U. S. Census Bureau, American Community Survey, 2014-2018.

## NUMBER AND VALUE OF BUILDING PERMITS

Calendar Year	Single & Two Family		Commercial/Industrial		Other Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2020 (1)	7	\$ 1,993,455	1	\$ 1,477,552	385	\$ 9,084,597	393	\$ 12,555,604
2019	23	6,681,240	2	1,881,515	2,108	35,815,190	2,133	44,377,945
2018	23	6,146,778	2	4,176,664	2,538	129,220,750 (2)	2,563	139,544,192
2017	31	8,425,195	2	1,225,641	2,390	31,176,088	2,423	40,826,924
2016	30	11,870,651	1	3,605,615	2,482	25,873,502	2,513	41,349,768
2015	22	6,869,857	4	9,959,484	2,366	26,516,896	2,392	43,346,237
2014	31	7,185,413	5	6,769,098	2,008	27,147,426	2,044	41,101,937
2013	43	12,986,885	5	3,272,524	2,447	33,423,818	2,495	49,683,227
2012	29	9,120,795	2	883,650	2,148	25,116,669	2,179	35,121,114
2011	18	5,079,000	4	6,511,350 (3)	1,911	26,698,774	1,933	38,289,124

(1) As of March 31, 2020.

(2) Includes building permit figures for the Walsh Intermediate School and Community Center Renovation projects.

(3) Includes building permit figures for the New Firehouse project.

Source: Building Department, Town of Branford.

## **IV. TAX BASE DATA**

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### **ASSESSMENT PRACTICES**

The Town of Branford last revalued its real property effective October 1, 2014. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable and tax exempt real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision. See "The COVID-19 Outbreak" herein.

### **PROPERTY TAX COLLECTION PROCEDURES**

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, July 1 and January 1. Payments not received one month after the due date become delinquent, with interest charged at the rate of 1.5% per month. Real estate is liened for delinquent taxes within one year after the tax due date.

The Town makes available to its qualifying residential property owners certain tax deferral and relief programs as authorized by the general statutes. See "The COVID-19 Outbreak" herein.

### **MOTOR VEHICLE PROPERTY TAX RATE**

Section 12-71e of the General Statutes allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 39.00 mills for the 2016 assessment year (fiscal year beginning July 1, 2017 and ending June 30, 2018) or (2) 45 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l establishes the municipal revenue sharing account which provides that sales tax revenue diverted to the fund shall mitigate the revenue loss attributed to the motor vehicle property tax cap. The Town's motor vehicle tax rates for the current 2019 assessment year (the fiscal year ending June 30, 2021) is 28.92 mills. See "The COVID-19 Outbreak" herein.

## PROPERTY TAX LEVIES AND COLLECTIONS

FY Ending 6/30	Net Taxable Grand List (1)	Total Tax Rate (In Mills)	Adjusted Tax Levy	% Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/2019
2021* (1)	\$ 3,685,043,062	28.92	\$ 100,462,786	N/A	N/A	N/A
2020 (1)	3,583,125,596	29.02	102,749,433	N/A	N/A	N/A
2019	3,569,991,255	28.64	102,814,929	98.5	\$ 1,554,966	\$ 1,554,966
2018	3,537,873,236	28.47	101,116,747	98.3	1,697,731	964,665
2017	3,505,790,076	27.41	96,604,655	98.3	1,632,574	773,988
2016*	3,485,684,401	26.93	94,341,895	98.5	1,452,871	500,799
2015	3,511,071,799	26.24	92,508,065	98.5	1,381,016	161,369
2014	3,488,675,562	25.59	89,402,779	98.5	1,339,291	102,498
2013	3,466,384,192	24.95	84,399,665	98.3	1,227,068	127,760
2012	3,446,825,087	24.27	83,707,138	98.3	1,447,958	74,895

(1) Fiscal years 2019-20 and 2020-21 adopted budgets.

\* Indicates years of revaluations.

Source: Tax Collector's Office, Town of Branford.

## TAXABLE GRAND LIST

Grand List Dated	Industrial & Commercial		Land	Motor Vehicles	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
	Residential Property	Commercial Property						
10/01/19*	71.5	15.1	0.5	7.0	5.9	\$ 3,732,219,812	\$ 47,176,750	\$ 3,685,043,062
10/01/18	73.6	13.2	0.5	6.9	5.8	3,629,131,544	46,005,948	3,583,125,596
10/01/17	74.0	13.3	0.5	6.8	5.4	3,603,129,331	33,138,076	3,569,991,255
10/01/16	75.8	13.6	0.5	6.8	5.1	3,566,371,702	28,498,466	3,537,873,236
10/01/15	73.4	13.4	0.5	6.6	4.7	3,534,071,689	28,281,613	3,505,790,076
10/01/14*	73.5	14.7	0.5	6.5	4.8	3,517,174,206	31,489,805	3,485,684,401
10/01/13	75.5	13.0	0.5	6.3	4.7	3,545,764,060	34,692,261	3,511,071,799
10/01/12	75.6	13.1	0.6	6.1	4.6	3,524,625,127	35,949,565	3,488,675,562
10/01/11	76.2	13.2	0.6	6.3	3.7	3,507,013,756	40,629,564	3,466,384,192
10/01/10	75.4	14.4	0.5	6.0	3.6	3,483,790,847	36,965,760	3,446,825,087

\* Indicates years of revaluations.

Source: Assessor's office, Town of Branford.

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## LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	Grand List Amount
Vigliotti Alex Etals .....	Residential / Commercial.....	\$ 44,613,870
Eversource.....	Utility.....	41,765,930
UIL Holdings .....	Utility.....	18,819,010
Business Park Realty & C. Weber, Jr. Etals..	Commercial and Industrial.....	16,167,100
Albany Road Branford I LLC.....	Industrial and R&D.....	14,485,910
Kiop Branford LLC.....	Shopping Plaza.....	13,953,210
21-23 Business Park LLC Etals.....	Commercial and Industrial.....	10,451,950
Nationwide Health Properties.....	Assisted Living.....	9,988,340
SHM Bruce & Johnsons LLC.....	Marinas.....	9,623,650
CSC Montoya Apartments LLC.....	Apartments.....	9,525,480
Total.....		<u>\$ 189,394,450</u> (1)

(1) Represents 5.14% of the net taxable grand list of \$3,685,043,062 dated October 1, 2019.

Note: South Central Connecticut Regional Water Authority (the "Authority") is required to make annual payments to the Town equivalent to the taxes which would otherwise be due for the property of the Authority in such municipality excluding any improvements to or construction on any such real property by the Authority. The Authority makes payments in lieu of taxes ("PILOT") at the current mill rate for fiscal year 2020-21 on personal and real property assessed at \$13,094,103 amounting to \$380,252. Exempt property acquired after the transfer day is not subject to taxation. Payments to the Town are not treated as taxes for accounting purposes; therefore the Authority is not considered a taxpayer.

Source: Assessor's Office, Town of Branford.

## EQUALIZED NET GRAND LIST

Grand List of 10/1	Equalized Net Grand List	% Growth
2017	\$ 5,433,604,019	2.52%
2016	5,299,801,671	2.20%
2015	5,185,659,055	4.10%
2014	4,981,495,540	0.15%
2013	4,973,991,562	-1.13%
2012	5,030,865,923	2.55%
2011	4,905,862,518	-0.54%
2010	4,932,416,163	-0.15%
2009	4,939,663,243	-8.56%
2008	5,401,901,383	-11.28%

Source: Town of Branford, Assessor's Office.

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## V. FINANCIAL INFORMATION

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### FISCAL YEAR

The Town's fiscal year begins July 1 and ends June 30.

### ACCOUNTING POLICIES

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

### BASIS OF ACCOUNTING

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

### ANNUAL AUDIT

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Blum, Shapiro & Company, P.C., is the auditors, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receive a copy of said audit report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2019, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and the Notes to the Financial Statements, together with the report of the independent auditor as prepared by Blum, Shapiro & Company, P.C., Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Finance Director, Town of Branford, upon request.

### BUDGETARY PROCEDURES

The Branford Town Charter defines in Section 5 the Town's budgetary policy. The following is the budgetary sequence and time schedule generally followed by the Town:

<u>By the last week of February.</u>	All boards, commissions and department heads (including the Board of Education) submit their revenue and expenditure estimates for the annual budget to the First Selectman.
<u>By the second week of March.</u>	The First Selectman presents budget estimates to the Board of Finance. The Board of Finance holds public and departmental hearings.
<u>By the second week of April.</u>	The Board of Finance presents its recommended budget to the Representative Town Meeting. The budget is published in book form and in newspaper legal notices.
<u>During the month of April</u>	The Representative Town Meeting holds departmental and public hearings.
<u>The second Tuesday of May</u> (1).	The Representative Town Meeting holds the annual budget meeting.
<u>The second Thursday of May.</u>	The Board of Finance sets the mill rate for the new budget.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain specific revenue funds. Appropriations for Capital Projects are continued until completion, even when projects extend beyond one or more fiscal years.

(1) On Thursday, May 19, 2020, the RTM of the Town adopted the FY 2020-2021 budget and on May 21, 2020 the Board of Finance set the mill rate at 28.92 mills.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's.

Section 4-66l(h) (the "Act"), as amended, reduces a municipality's revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality's revenue sharing grant the Act is sometimes popularly referred to as imposing a "spending cap". Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for fiscal year 2017 disbursements, or 29.63 mills, for fiscal year 2018 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal revenue sharing grant will not be reduced.

For fiscal years ending June 30, 2020 and each year thereafter, each municipal revenue sharing grant is proportionately reduced if amounts in the revenue sharing account are insufficient to fund all the revenue sharing grants.

## EMPLOYEE PENSION SYSTEMS

Town full-time employees, with the exception of the Police Department employees, Volunteer Firemen and certified teachers and administrators, participate in the State of Connecticut Municipal Employees Retirement Fund ("MERF"), a multiple-employer public employee retirement system. Certified teachers and administrators are members of the State of Connecticut Teachers Retirement Board. The Police and Volunteer Firemen's Retirement Plans are single-employer, contributory, defined benefit, public employee retirement systems ("PERS") established and administered by the Town. For further details on the Plans, see Appendix A, page 41, "Notes to General Purpose Financial Statements".

The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30 and the Total Pension Liability is based on the actuarial assumptions in the Town's July 1, 2019 actuarial valuation.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town as of June 30 were as follows:

<b>Police Employees Pension Plan</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total pension liability.....	\$ 36,291,316	\$ 34,541,745	\$ 30,789,493	\$ 29,788,646	\$ 28,431,052
Plan fiduciary net position.....	25,828,370	23,747,176	22,451,018	21,379,414	21,602,660
Net pension liability.....	<u>\$ 10,462,946</u>	<u>\$ 10,794,569</u>	<u>\$ 8,338,475</u>	<u>\$ 8,409,232</u>	<u>\$ 6,828,392</u>
Plan fiduciary net position as a % of total pension liability.....	71.2%	68.7%	72.9%	71.8%	76.0%
<b>Volunteer Fire Department Pension Plan</b>					
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Total pension liability.....	\$ 1,457,734	\$ 1,346,955	\$ 1,286,599	\$ 1,203,868	\$ 1,148,060
Plan fiduciary net position.....	1,111,916	1,012,368	936,327	826,379	518,665
Net pension liability.....	<u>\$ 345,818</u>	<u>\$ 334,587</u>	<u>\$ 350,272</u>	<u>\$ 377,489</u>	<u>\$ 629,395</u>
Plan fiduciary net position as a % of total pension liability.....	76.3%	75.2%	72.8%	68.6%	45.2%



The following represents the net pension liability of the Town, calculated using the discount rate of 6.5% and 6.75% for the Police Employees and Volunteer Fire, respectively, 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 (5.5% or 5.75%) or 1 percentage point higher (7.50% or 7.75%) than the current rate:

	<b>1% Decrease 5.50%</b>	<b>Current Discount Rate 6.50%</b>	<b>1% Increase 7.50%</b>
Plan Net Position - Police Employees.....	\$ 14,574,350	\$ 10,462,946	\$ 7,025,733

  

	<b>1% Decrease 5.75%</b>	<b>Current Discount Rate 6.75%</b>	<b>1% Increase 7.75%</b>
Plan Net Position - Volunteer Fire.....	\$ 591,420	\$ 345,818	\$ 146,338

Based upon a July 1, 2019 actuarial valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

#### Schedule of Funding Progress – Police Employees

<b>Actuarial Valuation July 1</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
2011	\$ 17,661,592	\$ 24,236,343	\$ 6,574,751	72.87%
2013	19,663,483	26,425,916	6,762,433	74.41%
2015	22,410,598	28,755,887	6,345,289	77.93%
2017	23,628,522	33,549,471	9,920,949	70.43%
2019	26,754,408	35,994,736	9,240,328	74.33%

#### Schedule of Funding Progress – Volunteer Fire

<b>Actuarial Valuation January 1</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (b-a)</b>	<b>Funded Ratio (a/b)</b>
2013	\$ 424,557	\$ 865,542	\$ 440,985	49.05%
2015	540,595	1,120,645	580,050	48.24%
2017	954,218	1,256,486	302,268	75.94%
2019	1,129,186	1,420,301	291,115	79.50%

#### Schedule of Employer Contributions – Police Employees

<b>Year Ended June 30</b>	<b>Actuarial Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2017	\$ 911,226	\$ 914,742	100.4%
2018	911,226	1,915,000	210.2%
2019	1,056,060	1,489,164	141.0%
2020	1,056,060	1,095,060	103.7%
2021 (1)	1,178,950	1,122,437	95.2%

(1) Fiscal year 2020-21 adopted budget.

### Schedule of Employer Contributions – Volunteer Fire

Year Ended June 30	Actuarial Determined Contribution	Actual Contribution	Percentage Contributed
2017	\$ 86,184	\$ 86,000	99.8%
2018	86,184	87,000	100.9%
2019	59,050	87,000	147.3%
2020	59,640	87,000	145.9%
2021 (1)	65,330	87,000	133.2%

(1) Fiscal year 2020-21 adopted budget.

**Defined Contribution and Defined Benefit Plans** – The Town of Branford introduced a defined contribution Plan (DC Plan) effective January 1, 2012 to provide benefits at retirement for police officers hired after 2011. The Town anticipated that the Police DC for new hires would reduce costs and induce officers retiring from other communities with a defined benefit pension plan (DB Plan) to work in Branford because they could receive their DB Plan payments, their wages, and immediately qualify for the Town's DC Plan. While the plan was initially successful it became difficult for police retiring from DB towns to work in Branford due to, among other factors, the State Comptroller's interpretation of Connecticut Municipal Employees Retirement System requirements that retirees may not simultaneously collect benefits from one community while working for another. As a result higher turnover rates presented significant operational challenges to the Branford police department. In response to operational difficulties and police officer preferences the Representative Town Meeting unanimously voted in May 2019 to allow those in the DC Plan to convert to a DB Plan. Those selecting the DB Plan will have their current DC Plan account balances transferred to the assets of the DB Plan. The assimilation of officers into the DB Plan is estimated to cost approximately \$89,116 per year (Normal Costs), an increase over the DC Plan of \$24,699. A primary driver of the higher cost, the average hire age of 51 years for police officers coming to Branford after retiring from another police department, is expected to decrease over time as the Comptroller's interpretation has eliminated inter-town hiring of police retirees, and legislation to permit such transfers has been unsuccessful.

**Municipal Employees' Retirement System** – All Town of Branford full-time employees, except the Police Department employees, elected officials and certified teachers and administrators, participate in the Connecticut Municipal Employee's Retirement Fund B (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 165 Capitol Avenue, Hartford, Connecticut 06106 or by calling 860-702-3480.

**Funding Policy** – Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 12.79% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2019, 2018, 2017, 2016 and 2015 were \$2,511,387, \$2,456,032, \$2,254,928, \$2,233,161 and \$2,284,715, respectively, equal to the required contributions for each year.

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

### OTHER POST-EMPLOYMENT BENEFITS

The Town provides health insurance, life insurance, and lump sum benefits in accordance with union contracts for members and non-union employees. The Town has retained Hooker & Holcombe, Inc. to perform an actuarial valuation of this liability in accordance with Governmental Accounting Standards Board ("GASB") Statements 43 and 45 requirements effective for fiscal year beginning July 1, 2010, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. As part of the OPEB valuation, Hooker & Holcombe, Inc. determined a direct and implicit rate subsidy for the Town's and an implicit rate subsidy for the Board of Education's Postretirement Medical Plan. The Town currently finances the cost of these benefits on a pay-as-you-go basis, and has established an OPEB Trust Fund for the accumulation of assets with which to pay such benefits in future years.

For fiscal year 2016-17, the Town and Board of Education implemented Government Accounting Standards Board's ("GASB") Statement No. 74. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Town and Board of Education as of June 30 were as follows:

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total OPEB liability.....	\$ 30,260,001	\$ 30,544,885	\$ 28,783,224
Plan fiduciary net position.....	23,488,580	16,106,492	14,231,839
Net pension liability.....	<u>\$ 6,771,421</u>	<u>\$ 14,438,393</u>	<u>\$ 14,551,385</u>
Plan fiduciary net position as a % of total pension liability.....	77.62%	52.73%	49.44%

The following represents the net OPEB liability of the Town and Board of Education, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net OPEB Liability.....	\$ 11,044,903	\$ 6,771,421	\$ 3,268,494

Based upon a July 1, 2018 actuarial valuation, the actuarial value of assets and actuarial liabilities for the Town and Board of Education employees plan were as follows:

#### Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>
7/1/2010	\$ 4,134,000	\$ 17,271,300	\$ 13,137,300	23.9%
7/1/2012	5,856,346	20,977,792	15,121,446	27.9%
7/1/2014	9,510,785	22,798,733	13,287,948	41.7%
7/1/2016	11,934,160	27,035,934	15,101,774	44.1%
7/1/2018	16,106,492	28,287,517	12,181,025	56.9%

#### Schedule of Employer Contributions

<b>Year Ended June 30</b>	<b>Actuarial Determined Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
2017	\$ 1,907,215	\$ 2,216,607	116.2%
2018	2,016,067	2,218,026	110.0%
2019	2,048,581	2,048,581	100.0%
2020	1,970,411	1,970,411	100.0%
2021 (1)	2,018,432	2,018,432	100.0%

(1) Fiscal year 2020-21 adopted budget.

For further details, see Appendix A, page 56, "Notes to General Purpose Financial Statements".

## INVESTMENT POLICIES AND PROCEDURES

Under Connecticut General Statutes Section 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Federal Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government (b) money market and mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest in certificates of deposit, short-term repurchase agreements, demand accounts and the State of Connecticut Short Term Investment Fund ("STIF"). The Town does not invest in derivative investment products.

## REVENUES

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2015-2019 in "Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

### PROPERTY TAX REVENUES

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Property Tax Revenues</b>	<b>Property Tax As a % of General Fund</b>
2021 (Adopted Budget)	\$ 118,017,243	\$ 100,462,786	85.1
2020 (Estimated Actuals)	115,145,451	104,297,090	90.6
2019	117,781,260	103,143,178	87.6
2018	122,093,385	101,530,521	83.2
2017	117,075,713	96,604,984	82.5
2016	108,909,565	94,484,140	86.8
2015	106,885,659	93,137,810	87.1
2014	105,095,586	89,374,443	85.0
2013	103,895,497	87,473,879	84.2
2012	98,559,752	83,858,159	85.1

Source: Annual audited financial statements, adopted budget for fiscal year 2020-21 and unaudited estimates for fiscal year 2019-20. Fiscal years 2019-20 and 2020-21 do not include on-behalf payments for state teachers' retirement.

### INTERGOVERNMENTAL REVENUES

<b>Fiscal Year</b>	<b>General Fund Revenues</b>	<b>Intergovernmental Revenues</b>	<b>Aid As a % of General Fund Revenue</b>
2021 (Adopted Budget)	\$ 118,017,243	\$ 3,085,446	2.6
2020 (Estimated Actuals)	115,145,451	3,468,112	3.0
2019	117,781,260	7,393,145	6.3
2018	122,093,385	14,347,991	11.8
2017	117,075,713	13,980,773	11.9
2016	108,909,565	8,854,178	8.1
2015	106,885,659	8,421,875	7.9
2014	105,095,586	10,244,386	9.7
2013	103,895,497	9,900,481	9.5
2012	98,559,752	9,720,290	9.9

Source: Annual audited financial statements, adopted budget for fiscal year 2020-21 and unaudited estimates for fiscal year 2019-20. Fiscal years 2019-20 and 2020-21 do not include on-behalf payments for state teachers' retirement.

## EXPENDITURES

<b>Fiscal Year</b>	<b>Education</b>	<b>Pension &amp; Insurance</b>	<b>Public Safety</b>	<b>Debt Service</b>	<b>Public Works</b>	<b>General Government</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
2021 (Adopted Budget)	49.8	12.1	12.4	8.0	5.8	4.5
2020 (Estimated Actuals)	51.9	12.5	12.6	7.8	5.8	4.8
2019	55.2	12.5	11.9	7.4	5.3	4.4
2018	58.5	12.0	10.6	7.0	4.5	4.4
2017	58.8	11.4	10.8	7.3	4.5	4.3
2016	56.2	13.2	11.0	7.6	4.7	4.3
2015	57.0	11.7	11.1	6.5	4.9	4.5
2014	57.5	11.0	10.8	7.3	5.0	4.3
2013	56.8	10.9	10.9	7.3	5.0	4.8
2012	55.5	10.2	10.7	6.9	5.2	4.2

Source: Annual audited financial statements, adopted budget for fiscal year 2020-21 and unaudited estimates for fiscal year 2019-20. Fiscal years 2019-20 and 2020-21 do not include on-behalf payments for state teachers' retirement.

### MUNICIPAL BUDGET EXPENDITURES CAP

Section 4-66l(h) (the “Act”), as amended, reduces a municipality’s revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality’s revenue sharing grant the Act is sometimes popularly referred to as imposing a “spending cap”. Beginning in fiscal year 2018, the Office of Policy and Management (“OPM”) must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality’s percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for fiscal year 2017 disbursements, or 29.63 mills, for fiscal year 2018 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal revenue sharing grant will not be reduced.

For fiscal years ending June 30, 2020 and each year thereafter, each municipal revenue sharing grant is proportionately reduced if amounts in the revenue sharing account are insufficient to fund all the revenue sharing grants. See “The COVID-19 Outbreak” and “State Mitigation Efforts and Fiscal Impact” herein.

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**COMPARATIVE GENERAL FUND OPERATING STATEMENT**  
**Budget and Actual (Budgetary Basis)**

	<b>Fiscal Year 2018-19</b>			<b>2019-20</b>	<b>2020-21</b>
	<b>Final Budget</b>	<b>Actual Operations</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Estimated Actuals</b>	<b>Adopted Budget</b>
<b>Revenues</b>					
Property taxes.....	\$ 100,815,169	\$ 103,143,178	\$ 2,328,009	\$ 104,297,090	\$ 101,978,986
Intergovernmental revenue.....	2,610,613	3,193,267	582,654	3,468,112	3,085,446
Interest income.....	235,000	1,196,297	961,297	425,000	271,000
Licenses, permits and fees.....	3,790,875	4,439,210	648,335	6,275,214	5,091,776
Fund balance brought forward.....	-	-	-	-	6,910,000
Other.....	1,244,900	1,780,520	535,620	-	-
<b>Total Revenues.....</b>	<b>108,696,557</b>	<b>113,752,472</b>	<b>5,055,915</b>	<b>114,465,416</b>	<b>117,337,208</b>
<b>Expenditures</b>					
Current:					
General government.....	5,391,338	4,926,338	465,000	5,311,395	5,274,125
Public safety.....	13,400,788	13,096,262	304,526	13,997,001	14,588,277
Public works.....	6,032,338	5,780,720	251,618	6,486,795	6,836,201
Recreation.....	1,233,064	1,212,016	21,048	1,250,752	1,287,878
Libraries.....	1,650,647	1,641,618	9,029	1,689,899	1,694,230
Health and welfare.....	673,043	651,333	21,710	1,730,291	1,777,813
Education.....	56,779,223	56,625,395	153,828	57,731,600	58,828,962
Pension and insurance.....	14,238,188	13,748,973	489,215	13,897,345	14,335,734
Contingency.....	418	-	418	518,969	927,558
Debt service.....	8,175,973	8,174,355	1,618	8,648,562	9,433,707
<b>Total Expenditures.....</b>	<b>107,575,020</b>	<b>105,857,010</b>	<b>1,718,010</b>	<b>111,262,609</b>	<b>114,984,485</b>
Excess (deficiency) of revenues over expenditures.....	<b>1,121,537</b>	<b>7,895,462</b>	<b>6,773,925</b>	<b>3,202,807</b>	<b>2,352,723</b>
Other financing sources (uses):					
Operating transfers in.....	737,916	737,916	-	680,035	680,035
Operating transfers out:					
Special revenue fund.....	(1,721,099)	(1,721,099)	-	(232,000)	(232,000)
Capital projects fund.....	(5,013,354)	(5,013,354)	-	(3,501,396)	(2,800,758)
Total other financing sources (uses).....	<b>(5,996,537)</b>	<b>(5,996,537)</b>	<b>-</b>	<b>(3,053,361)</b>	<b>(2,352,723)</b>
Excess of Revenues and other financing sources over expenditures and other financing uses.....	<b>\$ (4,875,000)</b>	<b>\$ 1,898,925</b>	<b>\$ 6,773,925</b>	<b>\$ 149,446</b>	<b>\$ -</b>

Source: Annual audited financial statements, fiscal year 2018-19, unaudited estimates for fiscal year 2019-20 and adopted budget for fiscal year 2020-21.

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**COMPARATIVE GENERAL FUND BALANCE SHEET**  
Summary of Assets and Liabilities  
(GAAP Basis)

<b>Fiscal Year Ended:</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Assets</b>					
Cash and cash equivalents.....	\$ 35,811,869	\$ 31,397,294	\$ 32,834,577	\$ 33,659,952	\$ 34,161,369
Investments.....	4,988,360	7,742,264	8,034,591	9,662,953	8,774,687
Receivables, net.....	5,101,301	5,103,004	5,880,248	6,247,389	6,652,589
Due from other funds.....	-	-	-	-	36,073
Other assets.....	-	16,297	16,571	16,554	17,105
<b>Total Assets.....</b>	<b>\$ 45,901,530</b>	<b>\$ 44,258,859</b>	<b>\$ 46,765,987</b>	<b>\$ 49,586,848</b>	<b>\$ 49,641,823</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts and other payables.....	\$ 3,417,701	\$ 2,542,059	\$ 2,282,764	\$ 2,765,579	\$ 3,413,638
Due to other funds.....	5,139,195	5,519,009	2,985,724	4,021,229	4,150,181
Unearned revenue.....	1,018,617	727,605	779,747	721,295	606,728
Other.....	106,567	149,763	142,313	502,273	198,576
<b>Total Liabilities.....</b>	<b>9,682,080</b>	<b>8,938,436</b>	<b>6,190,548</b>	<b>8,010,376</b>	<b>8,369,123</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue:					
Property taxes.....	2,356,212	2,869,073	3,403,197	3,621,428	3,796,530
Interest on property taxes.....	1,092,820	1,183,780	1,445,997	1,555,185	1,734,058
School building grants.....	110,548	61,443	19,111	-	-
Advance property tax collections.....	7,916,910	6,588,263	8,371,160	5,774,141	3,142,845
<b>Total Deferred Inflows of Resources.....</b>	<b>11,476,490</b>	<b>10,702,559</b>	<b>13,239,465</b>	<b>10,950,754</b>	<b>8,673,433</b>
<b>Fund Balances</b>					
Nonspendable.....	17,227	16,297	16,571	16,554	17,105
Committed.....	65,523	64,517	80,447	94,468	279,458
Assigned.....	3,177,321	3,250,167	6,921,026	3,390,015	3,532,847
Unassigned.....	21,500,116	21,286,883	20,317,930	27,124,681	28,769,857
<b>Total Fund Balances.....</b>	<b>24,760,187</b>	<b>24,617,864</b>	<b>27,335,974</b>	<b>30,625,718</b>	<b>32,599,267</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances.....</b>	<b>\$ 45,918,757</b>	<b>\$ 44,258,859</b>	<b>\$ 46,765,987</b>	<b>\$ 49,586,848</b>	<b>\$ 49,641,823</b>

Source: Annual audited financial statements.

**ANALYSIS OF GENERAL FUND EQUITY**  
(GAAP BASIS)

	<b>Actual 2014-15</b>	<b>Actual 2015-16</b>	<b>Actual 2016-17</b>	<b>Actual 2017-18</b>	<b>Actual 2018-19</b>
Nonspendable.....	\$ 17,227	\$ 16,297	\$ 16,571	\$ 16,554	\$ 17,105
Committed.....	65,523	64,517	80,447	94,468	279,458
Assigned.....	3,177,321	3,250,167	6,921,026	3,390,015	3,532,847
Unassigned.....	21,500,116	21,286,883	20,317,930	27,124,681	28,769,857
<b>Total Fund Balance.....</b>	<b>\$ 24,760,187</b>	<b>\$ 24,617,864</b>	<b>\$ 27,335,974</b>	<b>\$ 30,625,718</b>	<b>\$ 32,599,267</b>
Unassigned Fund Balance as % of Total Expenditures & Transfers.....	23.33%	22.45%	23.90%	25.49%	27.95%

Source: Annual audited financial statements.

**COMPARATIVE GENERAL FUND REVENUES AND EXPENDITURES**  
Summary of Audited Revenues and Expenditures  
**(GAAP Basis)**

<b>Fiscal Year Ended:</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>					
Property taxes.....	\$ 93,137,810	\$ 94,484,140	\$ 96,604,984	\$ 101,530,521	\$ 103,143,178
Intergovernmental.....	8,421,875	8,854,178	13,980,773	14,347,991	7,393,145
Charges for services.....	3,902,827	3,859,805	4,007,159	4,114,526	4,439,210
Interest on investments.....	96,538	160,784	291,774	604,138	1,197,565
Miscellaneous.....	1,326,609	1,550,658	1,439,309	1,496,209	1,608,162
<b>Total Revenues.....</b>	<b>106,885,659</b>	<b>108,909,565</b>	<b>116,323,999</b>	<b>122,093,385</b>	<b>117,781,260</b>
<b>Expenditures</b>					
General government.....	4,577,804	4,535,547	4,691,073	5,101,621	4,863,758
Public safety.....	11,194,526	11,606,349	11,851,797	12,192,083	13,083,005
Public works and highway.....	4,887,447	4,974,626	4,930,119	5,178,734	5,823,607
Health and human services.....	1,878,460	577,517	598,413	633,721	652,291
Parks, recreation and libraries.....	2,417,157	2,551,438	2,677,908	2,742,330	2,840,993
Pension and insurance.....	11,799,871	13,878,697	12,518,448	13,775,472	13,778,315
Education.....	57,416,360	59,226,125	64,679,977	67,243,333	60,733,892
Debt service.....	6,553,266	8,018,795	8,039,014	8,086,493	8,174,355
<b>Total Expenditures.....</b>	<b>100,724,891</b>	<b>105,369,094</b>	<b>109,986,749</b>	<b>114,953,787</b>	<b>109,950,216</b>
Excess (deficiency) of revenues over expenditures.....	6,160,768	3,540,471	6,337,250	7,139,598	7,831,044
<b>Other financing sources (uses)</b>					
Operating transfers in.....	524,481	597,452	751,714	648,814	684,887
Operating transfers (out).....	(5,412,406)	(4,280,246)	(4,370,854)	(5,180,330)	(6,703,214)
Bond premiums.....	354,480	-	-	681,662	160,832
Refunding bond premiums.....	2,083,783	-	-	-	-
Issuance of refunding bonds.....	19,655,000	-	-	-	-
Payment to escrow agent.....	(21,573,605)	-	-	-	-
<b>Total other financing sources (uses).....</b>	<b>(4,368,267)</b>	<b>(3,682,794)</b>	<b>(3,619,140)</b>	<b>(3,849,854)</b>	<b>(5,857,495)</b>
Net change in fund balances.....	1,792,501	(142,323)	2,718,110	3,289,744	1,973,549
Fund Balance - July 1.....	22,967,686	24,760,187	24,617,864	27,335,974	30,625,718
Fund Balance - June 30.....	<u>\$ 24,760,187</u>	<u>\$ 24,617,864</u>	<u>\$ 27,335,974</u>	<u>\$ 30,625,718</u>	<u>\$ 32,599,267</u>

Source: Annual audited financial statements.

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## VI. DEBT SUMMARY

### PRINCIPAL AMOUNT OF INDEBTEDNESS

As of July 2, 2020 (Pro Forma)

#### Long-Term Debt: Bonds

<u>Date of Issue</u>	<u>Purpose</u>	<u>Rate %</u>	<u>Original Issue Amount</u>	<u>Principal Outstanding as of 7/2/20 (1)</u>	<u>Date of Fiscal Year Maturity</u>
<b><u>General Purpose</u></b>					
5/15/2015	Refunding - General Purpose .....	2.00 - 5.00	\$ 16,269,000	7,091,000	2023
9/15/2017	General Purpose .....	2.00 - 4.00	4,975,000	4,105,000	2033
8/7/2018	General Purpose .....	2.00 - 4.00	5,500,000	5,220,000	2039
10/24/2019	General Purpose .....	2.00 - 5.00	6,000,000	6,000,000	2040
7/2/2020	General Purpose .....	1.00 - 5.00	2,360,000	2,360,000	2038
			<b>\$ 35,104,000</b>	<b>\$ 24,776,000</b>	
<b><u>Schools</u></b>					
5/15/2015	Refunding - Schools .....	2.00 - 5.00	1,311,000	609,000	2023
9/15/2017	Schools .....	2.00 - 4.00	9,125,000	7,465,000	2033
8/7/2018	Schools .....	2.00 - 4.00	12,500,000	11,830,000	2039
10/24/2019	Schools .....	2.00 - 5.00	39,000,000	39,000,000	2040
7/2/2020	Schools .....	1.00 - 5.00	2,925,000	2,925,000	2038
			<b>\$ 64,861,000</b>	<b>\$ 61,829,000</b>	
<b><u>Sewers</u></b>					
4/3/2003	Clean Water Fund Loan #358-C .....	2.00	20,929,997	-	2021
3/1/2007	Clean Water Fund Loan #138-CSL .....	2.00	6,163,287	-	2021
12/1/2008	Clean Water Fund Loan #139-CSL .....	2.00	2,500,898	-	2021
9/15/2017	Sewers.....	2.00 - 4.00	900,000	780,000	2033
7/2/2020	Sewers.....	1.00 - 5.00	2,420,000	2,420,000	2038
7/2/2020	Refunding Sewers.....	1.00 - 5.00	5,400,000	5,400,000	2025
			<b>38,314,182</b>	<b>8,600,000</b>	
	<b>Total .....</b>		<b>\$ 138,279,182</b>	<b>\$ 95,205,000</b>	

(1) Excludes the refunded bonds includes the Bonds.

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**COMBINED SCHEDULE OF LONG-TERM DEBT THROUGH MATURITY**  
**GENERAL FUND**  
As of July 2, 2020  
(Pro Forma)

<b>Fiscal Year</b>	<b>Principal Payments (1)</b>	<b>Interest Payments</b>	<b>Total Debt Service (1)</b>	<b>Refunded Bonds Principal Payments</b>	<b>Refunding Bonds Payments</b>	<b>The Capital Projects Bonds Principal</b>	<b>All Issues Principal (1)</b>
2021 (1)	\$ 6,433,670	\$ 2,435,038	\$ 8,868,708	\$ (1,545,590)	\$ -	\$ -	\$ 4,888,080
2022	6,565,635	2,204,823	8,770,458	(1,615,635)	1,865,000	-	6,815,000
2023	6,669,855	1,927,302	8,597,157	(769,855)	1,240,000	-	7,140,000
2024	4,289,659	1,694,147	5,983,806	(489,659)	1,495,000	390,000	5,685,000
2025	5,199,542	1,500,764	6,700,306	(499,542)	800,000	390,000	5,890,000
2026	5,209,625	1,340,681	6,550,306	(509,625)	-	440,000	5,140,000
2027	5,094,883	1,230,769	6,325,652	(394,883)	-	440,000	5,140,000
2028	4,774,767	1,126,312	5,901,079	(74,767)	-	570,000	5,270,000
2029	4,700,000	1,022,375	5,722,375	-	-	570,000	5,270,000
2030	4,600,000	919,938	5,519,938	-	-	570,000	5,170,000
2031	4,600,000	815,094	5,415,094	-	-	570,000	5,170,000
2032	4,600,000	704,500	5,304,500	-	-	570,000	5,170,000
2033	4,050,000	597,625	4,647,625	-	-	570,000	4,620,000
2034	3,700,000	501,406	4,201,406	-	-	565,000	4,265,000
2035	3,700,000	409,844	4,109,844	-	-	565,000	4,265,000
2036	3,700,000	315,969	4,015,969	-	-	565,000	4,265,000
2037	3,600,000	220,969	3,820,969	-	-	565,000	4,165,000
2038	3,100,000	133,344	3,233,344	-	-	365,000	3,465,000
2039	1,950,000	66,000	2,016,000	-	-	-	1,950,000
2040	1,500,000	19,688	1,519,688	-	-	-	1,500,000
	<u>\$ 88,037,636</u>	<u>\$ 19,186,588</u>	<u>\$ 107,224,224</u>	<u>\$ (5,899,556)</u>	<u>\$ 5,400,000</u>	<u>\$ 7,705,000</u>	<u>\$ 95,243,080</u>

(1) Does not reflect fiscal year 2020-21 principal payments of \$38,080 made as of July 2, 2020.

(2) Includes Refunded Bonds, excludes the Bonds.

(3) Includes the Bonds, excludes Refunded Bonds.

Source: Town of Branford.

**THE TOWN OF BRANFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

**OVERLAPPING AND UNDERLYING INDEBTEDNESS**

The Town has no overlapping indebtedness. Other political subdivisions with power to issue underlying indebtedness or cause taxes to be levied on taxable property in the Town are numerous tax districts and other associations. There is no outstanding indebtedness of these districts as of July 2, 2020. (See "Computation of Statutory Debt Limit" footnote (1) herein).

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## DEBT STATEMENT

As of July 2, 2020

(Pro Forma)

### Long-Term Indebtedness (1)

The Capital Projects Bonds (This Issue) (2).....	\$ 7,705,000
The Refunded Bonds .....	(5,899,556)
The Refunding Bonds (This Issue).....	5,400,000
General Purpose.....	22,416,000
Schools .....	58,904,000
Sewers .....	780,000
State of Connecticut CWF Project Loan Obligation.....	5,899,556
<b>Total Long-Term Indebtedness.....</b>	<b>95,205,000</b>

### Short-Term Indebtedness

Notes Payable.....	-
<b>Total Direct Indebtedness .....</b>	<b>95,205,000</b>

### Exclusions:

(School building grants receivable).....	-
<b>Total Net Direct Indebtedness.....</b>	<b>\$ 95,205,000</b>

(1) Does not include authorized but unissued debt of \$25,737,679. (See "Authorized but Unissued Debt" herein).

(2) Does not include the use of \$1,297,327 original issue premium for capital project purposes.

Source: Town Officials.

## CURRENT DEBT RATIOS

As of July 2, 2020

(Pro Forma)

Total Direct Indebtedness.....	\$ 95,205,000
Total Net Direct Indebtedness.....	\$ 95,205,000

Population (1).....	28,094
Net Taxable Grand List (10/1/19).....	\$ 3,685,043,062
Estimated Full Value.....	\$ 5,264,347,231
Equalized Net Taxable Grand List (2017) (2).....	\$ 5,433,604,019
Per Capita Income (2018) (1).....	\$ 49,036

### Total Direct Indebtedness:

Per Capita.....	\$3,388.80
To Net Taxable Grand List .....	2.58%
To Estimated Full Value .....	1.81%
To Equalized Net Taxable Grand List.....	1.75%
Per Capita to Per Capita Income.....	6.91%

### Total Net Direct Indebtedness:

Per Capita.....	\$3,388.80
To Net Taxable Grand List.....	2.58%
To Estimated Full Value.....	1.81%
To Equalized Net Taxable Grand List.....	1.75%
Per Capita to Per Capita Income.....	6.91%

(1) U. S. Census Bureau, American Community Survey, 2014-2018.

(2) Office of Policy and Management, State of Connecticut.

## LEGAL REQUIREMENTS FOR APPROVAL OF BORROWING

Under Sections 2, 7 and 11 of the Town Charter, bond authorizations are accomplished through the passage of an appropriation and bonding authorization by the Representative Town Meeting (the "RTM"). An appropriation, introduced by the requesting authority, is first introduced to the Board of Finance. The Board of Finance must approve the authorization and recommend the proposal to the RTM. The RTM, after appropriate public notice, votes to approve or disapprove the proposal and appropriate the required funds and authorize the issuance of bonds or notes to meet the appropriation. Such RTM action is subject to referendum approval if a sufficient petition is filed within 15 days of the RTM's adjournment.

## TEMPORARY FINANCING

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects and certain school projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes may be funded beyond ten years from their initial borrowing if written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

## SCHOOL BUILDING GRANT REIMBURSEMENTS

The State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Under the current program, the State will make proportional progress payments for eligible construction costs during construction.

<b>Project</b>	<b>Amount of Total Authorization</b>	<b>Estimated Eligible Cost For Reimbursement</b>	<b>Reimbursement Rate (%)</b>	<b>Estimated Grant (1)</b>
Walsh Intermediate School Project.....	\$ 88,200,000	\$ 85,407,240	36.05	\$ 30,786,715

(1) Estimated grants receivable are based on eligibility of project costs for this project. Eligible costs to be determined at completion of the project.

## CLEAN WATER FUND PROGRAM

The Town is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs ("Interim Funding Obligations"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water loans ("PLO's") outstanding:

<b>Project</b>	<b>Original 2% Loan Amount</b>	<b>Amount Outstanding As of July 2, 2020</b>
CWF PLO 358-C.....	\$ 20,929,997	\$ 2,557,548
CWF PLO 138-CSL.....	6,163,287	2,306,078
CWF PLO 139-CSL.....	2,500,898	1,035,930
	<u>\$ 29,594,182</u>	<u>\$ 5,899,556</u>

The Town plans to refund the PLOs as part of this issuance of the Bonds. There will be no PLO's outstanding as of a result of the refunding. See "Plan of Refunding" herein.

### **LIMITATION OF INDEBTEDNESS**

Municipalities shall not incur indebtedness through the issuance of bonds or notes which will cause aggregate indebtedness by class to exceed the following:

General Purposes:	2.25 times annual receipts from taxation
School Purposes:	4.50 times annual receipts from taxation
Sewer Purposes:	3.75 times annual receipts from taxation
Urban Renewal Purposes:	3.25 times annual receipts from taxation
Unfunded Pension Liability Purposes:	3.00 times annual receipts from taxation

In no case however, shall total indebtedness exceed seven times the base. "Annual receipts from taxation," (the "base") are defined as total tax collections including interest, penalties and late payment of taxes and state payments for revenue loss under CGS Sections 12-129d and 7-528.

The CGS also provide for exclusion from the debt limit calculation debt (i) issued in anticipation of taxes; (ii) issued for the supply of water, gas, electricity, electric demand response, conservation and load management, distributed generation and renewable energy projects; for the construction of subways for cables, wires and pipes; for the construction of underground conduits for cables, wires and pipes; for the construction and operation of a municipal community antenna television system and for two or more of such purposes; (iii) issued in anticipation of the receipt of proceeds from assessments levied upon property benefited by any public improvement; (iv) issued in anticipation of the receipt of proceeds from State or Federal grants evidenced by a written commitment or for which allocation has been approved by the State Bond Commission or from a contract with the state, state agencies or another municipality providing for the reimbursement of costs but only to the extent such indebtedness can be paid from such proceeds; (v) issued for certain water pollution control projects; and (vi) upon placement in an escrow of the proceeds of refunding bonds, notes or other obligations or other funds of the municipality in an amount sufficient to provide for the payment when due of principal of and interest on such bond, note or other evidence of indebtedness.

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# STATEMENT OF STATUTORY DEBT LIMITATION

As of July 2, 2020

(Pro Forma)

Total Receipts for fiscal year ended June 30, 2018	
(including interest and lien fees)	\$ 101,407,000
Coterminous Municipalities (1)	1,546,000
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	-
Base for Establishing Debt Limit (Thousands)	<u>\$ 102,953,000</u>

Debt Limitation	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base).....	\$ 231,644,250					
(4.50 times base).....		\$ 463,288,500				
(3.75 times base).....			\$ 386,073,750			
(3.25 times base).....				\$ 334,597,250		
(3.00 times base).....					\$ 308,859,000	
(7.00 times base).....						\$ 720,671,000
<b>Indebtedness (Including the Bonds)</b>						
Bonds Payable.....	\$ 22,416,000	\$ 58,904,000	\$ 780,000	\$ -	\$ -	\$ 82,100,000
The Capital Projects Bonds (This Issue)(2).....	2,360,000	2,925,000	2,420,000	-	-	7,705,000
The Refunded Bonds.....	-	-	(5,899,556)	-	-	(5,899,556)
The Refunding Bonds (This Issue).....	-	-	5,400,000	-	-	5,400,000
State of Connecticut Clean Water Fund						
Project Loan Obligation ("PLO") (3).....	-	-	5,899,556	-	-	5,899,556
Authorized but Unissued Debt.....	6,897,673	17,575,006	1,265,000	-	-	25,737,679
Total Indebtedness.....	31,673,673	79,404,006	9,865,000	-	-	120,942,679
Less:						
School grants receivable (4).....	-	(19,161,721)	-	-	-	(19,161,721)
Total Net Indebtedness.....	31,673,673	60,242,285	9,865,000	-	-	101,780,958
Excess of Limit Over Outstanding and Authorized Debt.....	<u>\$ 199,970,577</u>	<u>\$ 403,046,215</u>	<u>\$ 376,208,750</u>	<u>\$ 334,597,250</u>	<u>\$ 308,859,000</u>	<u>\$ 618,890,042</u>

- (1) Other political subdivisions with power to cause taxes to be levied on taxable property in the Town are numerous tax districts and other associations (hereafter, "districts"). There is no outstanding indebtedness of these districts as of July 2, 2020, of which the Town is aware. Under State Statutes the districts are required to file annual audits and to notify the Town when debt is issued. Information regarding the districts relies upon compliance with the filing requirements.
- (2) Does not include the use of \$1,297,327 original issue premium for capital project purposes.
- (3) Under the State of Connecticut's Clean Water Fund Program, the Town has issued Project Loan Obligations dated March 31, 2003, March 1, 2007 and December 1, 2008 of which the \$5,899,556 outstanding prior to the refunding will be paid off as a result of the Refunding Bonds. (See "Clean Water Fund" herein).
- (4) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$30,786,715 during the construction of the project. As of July 2, 2020, the Town has received \$11,624,994 in progress payments. (See "School Building Grants Reimbursements" herein).

Source: Town Officials

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## AUTHORIZED BUT UNISSUED DEBT

Projects	Original Amount Authorized	Revised Amount Authorized	Prior Financings	BANs Outstanding	Paydowns/ Grants	The Capital Projects Bonds (This Issue) (1)	Authorized But Unissued
Pump Station Renovations.....	\$ 2,500,000	\$ 2,500,000	\$ 2,400,000	\$ -	\$ -	\$ 100,000	\$ -
Main Street Improvements (2020).....	2,750,000	2,750,000	200,000	-	-	45,000	2,505,000 (2)
Linden Avenue Stabilization.....	1,220,000	1,220,000	275,000	-	-	-	945,000 (3)
Walsh Intermediate School Project.....	88,200,000	88,200,000	55,600,000	-	11,624,994	3,400,000	17,575,006 (4)
Blackstone Library.....	5,245,000	5,745,000	2,150,000	-	-	195,000	3,400,000 (5)
Sewer System Improvements (2019).....	3,975,000	3,975,000	-	-	-	2,710,000	1,265,000
East Industrial Road Reconstruction...	1,750,000	1,750,000	-	-	-	1,750,000	-
Stony Creek Wharf Reconstruction.....	350,000	350,000	-	-	-	350,000	-
Town Wide Drainage Improvements...	500,000	500,000	-	-	-	452,327	47,673
Total	\$ 106,490,000	\$ 106,990,000	\$ 60,625,000	\$ -	\$ 11,624,994	\$ 9,002,327	\$ 25,737,679

- (1) Includes \$1,297,327 of original issue premium which will be applied to capital project purposes.
- (2) \$2,500,000 of State grants expected.
- (3) \$915,000 of State grants expected.
- (4) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$30,786,715 during the construction of the project. As of July 2, 2020, the Town has received \$11,624,994 in progress payments. (See " School Building Grants Reimbursements).
- (5) \$1,000,000 of State grants and \$800,000 of private donations expected.

## HISTORICAL DEBT STATEMENT

	2019-20 (1)	2018-19	2017-18	2016-17	2015-16
Population (2).....	28,094	28,094	28,094	28,094	28,094
Net taxable grand list.....	\$ 3,583,125,596	\$ 3,569,991,255	\$ 3,537,873,236	\$ 3,505,790,076	\$ 3,485,684,401
Estimated full value.....	\$ 5,118,750,851	\$ 5,099,987,507	\$ 5,054,104,623	\$ 5,008,271,537	\$ 4,979,549,144
Equalized net taxable grand list (3)....	\$ 5,433,604,019	\$ 5,433,604,019	\$ 5,300,969,257	\$ 5,185,659,055	\$ 4,981,495,540
Per capita income (2).....	\$ 49,036	\$ 49,036	\$ 49,036	\$ 49,036	\$ 49,036
Short-term debt.....	\$ -	\$ -	\$ -	\$ 5,305,000	\$ -
Long-term debt.....	\$ 97,037,636	\$ 49,474,973	\$ 38,086,596	\$ 29,988,115	\$ 37,001,892
Total Direct Indebtedness.....	\$ 97,037,636	\$ 49,474,973	\$ 38,086,596	\$ 35,293,115	\$ 37,001,892
Net Direct Indebtedness.....	\$ 97,037,636	\$ 49,474,973	\$ 37,749,716	\$ 35,115,084	\$ 36,520,104

- (1) Unaudited estimates.
- (2) U. S. Census Bureau, American Community Survey, 2014-2018.
- (3) Office of Policy and Management, State of Connecticut, Grand List Year.

## HISTORICAL DEBT RATIOS

	2019-20 (1)	2018-19	2017-18	2016-17	2015-16
<b>Total Direct Indebtedness:</b>					
Per capita.....	\$3,454.03	\$1,761.05	\$1,355.68	\$1,256.25	\$1,317.07
To net taxable grand list.....	2.71%	1.39%	1.08%	1.01%	1.06%
To estimated full value.....	1.90%	0.97%	0.75%	0.70%	0.74%
To equalized net taxable grand list.....	1.79%	0.91%	0.72%	0.68%	0.74%
Debt per capita to per capita income.....	7.04%	3.59%	2.76%	2.56%	2.69%
<b>Net Direct Indebtedness:</b>					
Per capita.....	\$3,454.03	\$1,761.05	\$1,343.69	\$1,249.91	\$1,299.93
To net taxable grand list.....	2.71%	1.39%	1.07%	1.00%	1.05%
To estimated full value.....	1.90%	0.97%	0.75%	0.70%	0.73%
To equalized net taxable grand list.....	1.79%	0.91%	0.71%	0.68%	0.73%
Debt per capita to per capita income.....	7.04%	3.59%	2.74%	2.55%	2.65%

- (1) Unaudited estimates.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL FUND  
EXPENDITURES AND TRANSFERS OUT**

<b>Fiscal Year Ended 6/30</b>	<b>Annual Debt Service</b>	<b>Total General Fund Expenditures and Transfers out</b>	<b>Ratio of General Fund Debt Service to Total General Fund Expenditures and Transfers Out %</b>
2020 (1)	\$ 10,676,549	\$ 115,297,464	9.26%
2019	8,174,355	116,653,430	7.01%
2018	8,086,493	120,134,117	6.73%
2017	8,039,014	114,357,603	7.03%
2016	8,018,795	109,649,340	7.31%
2015	6,553,266	106,137,297	6.17%
2014	7,310,265	104,249,868	7.01%

(1) As budgeted for fiscal year 2019-20.

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## **VII. LEGAL AND OTHER LITIGATION**

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### **LITIGATION**

The Town of Branford, 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 which would materially adversely affect its financial position.

### **MUNICIPAL ADVISOR**

The Town has retained Hilltop Securities Inc. (the “Municipal Advisor”) to serve as its municipal advisor in connection with the issuance of the Bonds. The Municipal Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. The Town may engage the Municipal Advisor to perform other services, including without limitation, providing certain investment services with regard to the investment of Bond proceeds.

### **DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS**

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town signed by the First Selectman, Town Treasurer, and the Finance Director, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that as of the date of execution of the Bond Purchase Agreement, and on the date of delivery of and payment for the Bonds, that the descriptions and statements in the Official Statement relating to the Town and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;
3. A receipt for the purchase price of the Bonds;
4. The approving opinion of Joseph Fasi LLC, of Hartford, Connecticut substantially in the form attached to the Official Statement as Appendix B;
5. An executed continuing disclosure agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C;
6. Any other documents required by the Bond Purchase Agreement.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association of Hartford, Connecticut and will be available for examination upon reasonable request.

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## CONCLUDING STATEMENT

Additional information may be obtained upon request from the Office of the Finance Director at (203) 315-0663 or from the Municipal Advisor at (860) 290-3001.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

## TOWN OF BRANFORD, CONNECTICUT

BY: /s/ James B. Cosgrove  
**James B. Cosgrove**  
*First Selectman*

BY: /s/ Kurt M. Schwanfelder  
**Kurt M. Schwanfelder**  
*Town Treasurer*

BY: /s/ James P. Finch, Jr.  
**James P. Finch, Jr.**  
*Finance Director*

**Dated: June 9, 2020**

## APPENDIX A - FINANCIAL STATEMENTS

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**Appendix A - Financial Statements** - is taken from the Annual Financial Report of the Town of Branford for the Fiscal Year ending June 30, 2019 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Finance Director, Town of Branford, Connecticut.

## **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, 2019, 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. 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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
February 25, 2020

**TOWN OF BRANFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

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, 2019. 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 \$10,068.
- During the year, the Town had expenses that were \$10,068 less than the \$142,635 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$132,567. The General Fund reported a fund balance this year of \$32,563.
- The resources available for appropriation were \$5,055 more than budgeted for the General Fund. Expenditures were \$1,718 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 \$145,909 to \$155,977. 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**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 98,815	\$ 98,188
Capital assets, net of accumulated depreciation	162,710	135,208
Total assets	<u>261,525</u>	<u>233,396</u>
Deferred outflows of resources	<u>22,384</u>	<u>9,048</u>
Long-term debt outstanding	109,074	82,506
Other liabilities	12,469	7,922
Total liabilities	<u>121,543</u>	<u>90,428</u>
Deferred inflows of resources	<u>6,389</u>	<u>6,107</u>
Net Position:		
Net investment in capital assets	111,244	95,437
Restricted	334	343
Unrestricted	<u>44,399</u>	<u>50,129</u>
Total Net Position	\$ <u>155,977</u>	\$ <u>145,909</u>

The Town experienced an increase in net position of its governmental activities of 6.9% 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 \$50,129 at June 30, 2018 to \$38,547 at the end of this year.

The change in unrestricted governmental net position primarily reflects an increase in the funds restricted for capital projects.



**TABLE 2**  
**CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Charges for services	\$ 10,982	\$ 10,673
Operating grants and contributions	13,059	20,367
Capital grants and contributions	12,088	510
General revenues:		
Property taxes	103,497	101,858
Grants and contributions not restricted to specific programs	580	674
Unrestricted investment earnings	2,015	853
Other general revenues	414	312
Total revenues	<u>142,635</u>	<u>135,247</u>
Program expenses:		
General government	10,132	12,549
Public safety	26,177	21,866
Public works and highway	15,447	13,854
Parks, recreation and libraries	7,590	4,292
Health and human services	3,383	3,046
Education	68,436	71,230
Interest debt service	1,402	754
Total program expenses	<u>132,567</u>	<u>127,591</u>
Increase in Net Position	\$ <u>10,068</u>	\$ <u>7,656</u>

The Town's total revenues were \$142,635 while the cost of all programs and services totaled \$132,567. 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 \$5,055 higher than budgeted. Of this amount, \$2,328 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 \$1,877. The town's conservative estimate on state assistance programs resulted in a positive balance for intergovernmental revenue of \$583. In addition, revenues from licenses, permits and fees exceeded the budget by \$648 primarily due to real estate conveyance fees and ambulance revenue. Rising rates on investments drove interest income to exceed estimates by \$961. Other income exceeded the budget by \$536 primarily due to better than anticipated results from employee insurance co-pay and bond premiums.

Expenditures were \$1,718 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**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General government	\$ 10,132	\$ 12,549	\$ 5,514	\$ 10,583
Public safety	26,177	21,866	22,381	18,443
Public works and highway	15,447	13,854	9,801	8,559
Parks, recreation and libraries	7,590	4,292	6,287	3,569
Health and human services	3,383	3,046	2,114	1,414
Education	68,436	71,230	48,940	52,721
Interest and debt service	1,402	754	1,402	753
Total	<u>\$ 132,567</u>	<u>\$ 127,591</u>	<u>\$ 96,439</u>	<u>\$ 96,042</u>

## **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 \$52,246, which is a significant decrease from last year's total of \$55,836. This reflects an increase in funds restricted for capital projects which corresponds to the ongoing construction projects.

### ***General Fund Budgetary Highlights***

The Town's General Fund expenditures plus encumbrances totaled \$105,857. 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 \$1,718. Revenues were \$5,055 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates, an unanticipated grant for firefighters and receipt of non-recurring revenue items.

The Town's General Fund balance of \$32,599 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, 2019, the Town had \$162,710 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 \$27,502 or 20%, 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. Additionally, the town completed a land purchase near the former landfill, while completing the Shoreline Greenway Trail and acquiring a solar pump out boat. 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)**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Land	\$ 17,106	\$ 16,856
Intangible assets	597	597
Land improvements	3,595	2,499
Buildings	68,741	71,286
Machinery and equipment	7,673	8,067
Construction in progress	41,495	11,704
Infrastructure	23,503	24,199
Total	\$ <u>162,710</u>	\$ <u>135,208</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 selected sewer pump stations and improvements to the Harbor Street Culvert will be completed in 2020. 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, 2019, the Town had \$49,475 in bonds and notes outstanding versus \$38,087 last year - an increase of \$11,388 or approximately 29.9%. 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 \$721 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 2019-2020 budget and corresponding tax rates. Foremost among them was an adherence 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. The Town's conservative budgeting posture was also represented by an appropriation for a municipal contribution to the State Teacher's Retirement System.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$115,297,464 for 2019-2020, which represents an increase of \$1,327,991 or 1.2% as compared to the 2018-2019 amended budget. Increased property taxes of approximately \$1.9 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](http://www.Branford-ct.gov).

**TOWN OF BRANFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 74,335,175
Investments	9,471,290
Receivables, net	14,874,629
Inventory	16,717
Prepaid items	117,105
Capital assets not being depreciated	59,198,102
Capital assets being depreciated, net of accumulated depreciation	103,511,725
Total assets	<u>261,524,743</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	20,735,068
Deferred outflows related to OPEB	1,431,375
Deferred charge on refunding	217,422
Total deferred outflows of resources	<u>22,383,865</u>
Liabilities:	
Accounts and other payables	11,082,262
Unearned revenue	1,187,891
Other	198,576
Noncurrent liabilities:	
Due within one year	9,487,983
Due in more than one year	99,586,188
Total liabilities	<u>121,542,900</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	972,141
Deferred inflows related to OPEB	2,273,545
Advance property tax collections	3,142,845
Total deferred inflows of resources	<u>6,388,531</u>
Net Position:	
Net investment in capital assets	111,243,586
Restricted for Trusts:	
Expendable	234,117
Nonexpendable	100,420
Unrestricted	<u>44,399,054</u>
Total Net Position	<u>\$ 155,977,177</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, 2019**

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	\$ 10,131,745	\$ 1,528,165	\$ 2,100,089	\$ 989,824	\$ (5,513,667)
Public safety	26,176,739	3,375,866	418,701		(22,382,172)
Public works and highway	15,447,476	3,852,017	1,212,555	582,261	(9,800,643)
Parks, recreation and libraries	7,590,403	493,545	260,154	550,000	(6,286,704)
Health and human services	3,383,298	621,752	648,009		(2,113,537)
Education	68,435,674	1,110,957	8,419,102	9,965,582	(48,940,033)
Interest expense	1,402,228				(1,402,228)
Total	<u>\$ 132,567,563</u>	<u>\$ 10,982,302</u>	<u>\$ 13,058,610</u>	<u>\$ 12,087,667</u>	<u>(96,438,984)</u>
General revenues:					
Property taxes					103,497,153
Grants and contributions not restricted to specific programs					580,342
Unrestricted investment earnings					2,015,538
Miscellaneous					413,628
Total general revenues					<u>106,506,661</u>
Change in net position					10,067,677
Net Position at Beginning of Year					<u>145,909,500</u>
Net Position at End of Year					<u>\$ 155,977,177</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 34,161,369	\$ 5,017,153	\$ 4,243,227	\$ 10,049,527	\$ 53,471,276
Investments	8,774,687			696,603	9,471,290
Receivables, net	6,652,589	6,122,985	290,400	1,552,596	14,618,570
Due from other funds	36,073	5,154,179		96,002	5,286,254
Inventories				16,717	16,717
Other assets	<u>17,105</u>				<u>17,105</u>
Total Assets	<u>\$ 49,641,823</u>	<u>\$ 16,294,317</u>	<u>\$ 4,533,627</u>	<u>\$ 12,411,445</u>	<u>\$ 82,881,212</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 3,413,638	\$ 6,153,089	\$ 475	\$ 1,014,602	\$ 10,581,804
Due to other funds	4,150,181	36,073	1,100,000		5,286,254
Unearned revenue	606,728	57,527		523,636	1,187,891
Other	<u>198,576</u>				<u>198,576</u>
Total liabilities	<u>8,369,123</u>	<u>6,246,689</u>	<u>1,100,475</u>	<u>1,538,238</u>	<u>17,254,525</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,796,530				3,796,530
Unavailable revenue - interest on property taxes	1,734,058				1,734,058
Unavailable revenue - special assessments			290,401	239,626	530,027
Unavailable revenue - school construction grants		3,884,226			3,884,226
Unavailable revenue - loans receivable				292,044	292,044
Advance property tax collections	<u>3,142,845</u>				<u>3,142,845</u>
Total deferred inflows of resources	<u>8,673,433</u>	<u>3,884,226</u>	<u>290,401</u>	<u>531,670</u>	<u>13,379,730</u>
Fund Balances:					
Nonspendable	17,105			117,137	134,242
Restricted		6,163,402	3,142,751	5,293,149	14,599,302
Committed	279,458			4,931,251	5,210,709
Assigned	3,532,847				3,532,847
Unassigned	<u>28,769,857</u>				<u>28,769,857</u>
Total fund balances	<u>32,599,267</u>	<u>6,163,402</u>	<u>3,142,751</u>	<u>10,341,537</u>	<u>52,246,957</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 49,641,823</u>	<u>\$ 16,294,317</u>	<u>\$ 4,533,627</u>	<u>\$ 12,411,445</u>	<u>\$ 82,881,212</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2019**

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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)	\$ 52,246,957
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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	\$ 302,141,746	
Less accumulated depreciation	<u>(139,431,919)</u>	
Net capital assets		162,709,827

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	3,796,530
Interest receivable on property taxes	1,734,058
Assessments receivable	530,027
Housing loans receivable	292,044
School construction grant receivable	3,884,226
Deferred outflows relating to pensions	20,735,068
Deferred outflows relating to OPEB	1,431,375

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.

15,377,988

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	(40,158,510)
Net OPEB liability	(6,771,421)
Deferred inflows relating to pensions	(972,141)
Deferred inflows relating to OPEB	(2,273,545)
Bonds and notes payable	(49,474,973)
Interest payable on bonds and notes	(540,978)
Compensated absences	(3,529,587)
Notes payable	(375,000)
Bond premium	(1,833,690)
Deferred charge on refunding	217,422
Landfill	<u>(1,048,500)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u><u>155,977,177</u></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, 2019**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 103,143,178	\$	\$	\$	\$ 103,143,178
Assessments and interest			209,790	2,660,600	2,870,390
Intergovernmental	7,393,145	6,697,431		5,624,283	19,714,859
Charges for services	4,439,210			2,954,800	7,394,010
Income on investments	1,197,565	152,611	64,325	99,670	1,514,171
Miscellaneous	1,608,162	1,264,389		390,681	3,263,232
Total revenues	<u>117,781,260</u>	<u>8,114,431</u>	<u>274,115</u>	<u>11,730,034</u>	<u>137,899,840</u>
Expenditures:					
Current:					
General government	4,863,758	278,928		6,500	5,149,186
Public safety	13,083,005			654,214	13,737,219
Public works and highway	5,823,607		3,327	3,339,736	9,166,670
Parks, recreation and libraries	2,840,993	43,292		496,897	3,381,182
Health and human services	652,291			2,160,832	2,813,123
Education	60,733,892			4,556,571	65,290,463
Pension and insurance	13,778,315				13,778,315
Capital outlay		38,158,952			38,158,952
Debt service	8,174,355				8,174,355
Total expenditures	<u>109,950,216</u>	<u>38,481,172</u>	<u>3,327</u>	<u>11,214,750</u>	<u>159,649,465</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,831,044</u>	<u>(30,366,741)</u>	<u>270,788</u>	<u>515,284</u>	<u>(21,749,625)</u>
Other Financing Sources (Uses):					
Transfers in	684,887	5,566,252		1,761,962	8,013,101
Transfers out	(6,703,214)	(36,073)	(150,000)	(1,123,814)	(8,013,101)
Proceeds from bond issuance		18,000,000			18,000,000
Bond premiums	160,832				160,832
Total other financing sources (uses)	<u>(5,857,495)</u>	<u>23,530,179</u>	<u>(150,000)</u>	<u>638,148</u>	<u>18,160,832</u>
Net Change in Fund Balances	1,973,549	(6,836,562)	120,788	1,153,432	(3,588,793)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 32,599,267</u>	<u>\$ 6,163,402</u>	<u>\$ 3,142,751</u>	<u>\$ 10,341,537</u>	<u>\$ 52,246,957</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, 2019**

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Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (3,588,793)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	32,842,347
Depreciation expense	(5,340,586)

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

Property tax receivable - accrual basis change	175,102
Property tax interest and lien revenue - accrual basis change	178,873
Sewer assessment receivable - accrual basis change	(9,835)
School construction receivable - accrual basis change	3,884,226
Change in deferred outflows relating to pensions	12,278,429
Change in deferred outflows relating to OPEB	1,133,797

Change in pension and OPEB assets and liabilities:

Change in net OPEB liability	7,666,972
Change in net pension liability	(20,714,851)

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	(18,000,000)
Bond and note principal payments	6,611,623
Notes payable principal payments	125,000
Bond issuance premium	(160,832)

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	(635,649)
Accrued interest	(193,403)
Amortization of deferred charge on refunding	(76,055)
Amortization of bond premiums	304,962
Change in deferred inflows relating to pensions	(639,620)
Change in deferred inflows relating to OPEB	(2,273,545)
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.

(3,540,485)

Change in Net Position of Governmental Activities (Exhibit II)

\$ 10,067,677

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Cash and cash equivalents	\$ 20,863,899
Accounts receivable	331,565
Prepaid expenses	<u>100,000</u>
Total assets	<u>21,295,464</u>
Liabilities:	
Accounts and other payables	34,986
Risk management claims	<u>5,882,490</u>
Total liabilities	<u>5,917,476</u>
Net Position:	
Unrestricted	<u><u>\$ 15,377,988</u></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, 2019**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating Revenues:	
Contributions for benefits	\$ 16,776,558
Other	441,501
Total contributions	<u>17,218,059</u>
Operating Expenses:	
Benefit claims	19,386,714
Claims administration	1,873,197
Total operating expenses	<u>21,259,911</u>
Operating Income	(4,041,852)
Nonoperating Revenue:	
Income on investments	<u>501,367</u>
Change in Net Position	(3,540,485)
Net Position at Beginning of Year	<u>18,918,473</u>
Net Position at End of Year	<u>\$ 15,377,988</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, 2019**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 17,485,647
Cash payments to providers of benefits and administration	(19,645,700)
Net cash provided by (used in) operating activities	<u>(2,160,053)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>501,367</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,658,686)
Cash and Cash Equivalents at Beginning of Year	<u>22,522,585</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 20,863,899</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ (4,041,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	267,588
Increase (decrease) in accounts payable	<u>1,614,211</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (2,160,053)</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, 2019**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 7,179,660	\$ 1,866,577
Investments	42,369,019	
Accounts receivable	886,740	
	<u>50,435,419</u>	<u>1,866,577</u>
Total assets		
	<u>50,435,419</u>	<u>\$ 1,866,577</u>
<b>Liabilities:</b>		
Accounts payable	6,553	\$
Due to students and others		1,866,577
	<u>6,553</u>	<u>1,866,577</u>
Total liabilities		
	<u>6,553</u>	<u>\$ 1,866,577</u>
<b>Net Position:</b>		
Held in Trust for Pension or Retiree Benefits	\$ <u>50,428,866</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, 2019**

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	<b>Pension and Other Employee Benefit Trust Funds</b>
	<hr/>
Additions:	
Contributions:	
Employer	\$ 9,717,538
Plan members	1,129,960
Other	51,480
Total contributions	<hr/> 10,898,978
Net investment income	<hr/> 2,098,459
Total additions	<hr/> 12,997,437
Deductions:	
Benefits	3,434,607
Administration	<hr/>
Total deductions	<hr/> 3,434,607
Net Increase in Net Position	9,562,830
Net Position at Beginning of Year	<hr/> 40,866,036
Net Position at End of Year	<hr/> <hr/> \$ 50,428,866

The accompanying notes are an integral part of the financial statements

# **TOWN OF BRANFORD, CONNECTICUT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **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**

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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**

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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 lienied.

#### **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

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#### 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:

<b>Assets</b>	<b>Years</b>
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 and OPEB in the government wide statement of net position. A deferred inflow of resources related to pension and

## **TOWN OF BRANFORD, CONNECTICUT**

### **NOTES TO FINANCIAL STATEMENTS**

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OPEB results 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 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 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, school construction grants 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**

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### **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 results could differ from those estimates.

## **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. During the year ended June 30, 2019 the Town approved additional appropriations of \$2,229,102, \$179,102 from unanticipated revenues and \$2,050,000 from fund balance.

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.

## **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."

## TOWN OF BRANFORD, CONNECTICUT

### NOTES TO FINANCIAL STATEMENTS

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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*, \$22,915,514 of the Town's bank balance of \$39,016,581 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,853,760
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>18,061,754</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>22,915,514</u>

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

**Cash Equivalents**

At June 30, 2019, the Town's cash equivalents amounted to \$60,562,854. 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.

	<b>Standard &amp; Poor's</b>
State Short-Term Investment Fund (STIF)	AAAm

**Investments**

As of June 30, 2019, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 4,614,942	\$	\$ 3,814,604	\$ 800,338
Other debt securities	AAA	824,009	131,751	692,258	
Municipal bonds	AA	1,745,029		189,501	1,555,528
Corporate bonds	A-AAA	7,237,765	452,211	6,227,579	557,975
Corporate bonds	B-BBB-	336,152	50,711	197,382	88,059
Certificates of deposit*	N/A	9,330,841	6,367,174	2,963,667	
Subtotal			\$ 7,001,847	\$ 14,084,991	\$ 3,001,900
Other investments:					
Common stock	N/A	2,095,917			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	25,649,164			
Total		\$ 51,833,819			

\*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, 2019:

	June 30, 2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 4,614,942	\$ 4,614,942	\$	\$
U.S. Government agencies	1,745,029		1,745,029	
Corporate bonds	8,397,926		8,397,926	
Common stock	2,095,917	2,095,917		
Mutual funds	25,649,164	25,649,164		
Total investments by fair value level	42,502,978	\$ 32,360,023	\$ 10,142,955	\$ -
Certificates of deposit	9,330,841			
Total Investments	\$ 51,833,819			

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.

**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, 2019, 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.

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

**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	\$ 1,734,054	\$	\$	\$	\$ 1,734,054
Taxes	4,569,534				4,569,534
Accounts	457,703			1,425,141	1,882,844
Special assessments			290,400	232,408	522,808
Intergovernmental	404,915	6,122,985		821,308	7,349,208
Loans				292,044	292,044
Gross receivables	<u>7,166,206</u>	<u>6,122,985</u>	<u>290,400</u>	<u>2,770,901</u>	<u>16,350,492</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 6,652,589</u>	<u>\$ 6,122,985</u>	<u>\$ 290,400</u>	<u>\$ 2,770,901</u>	<u>\$ 15,836,875</u>

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 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	\$ 16,856,478	\$ 250,000	\$	\$	\$ 17,106,478
Intangible assets	596,800				596,800
Construction in progress	<u>11,703,636</u>	<u>31,110,930</u>	<u>(1,319,742)</u>		<u>41,494,824</u>
Total capital assets not being depreciated	<u>29,156,914</u>	<u>31,360,930</u>	<u>(1,319,742)</u>	<u>-</u>	<u>59,198,102</u>
Capital assets being depreciated:					
Buildings and improvements	119,363,464	116,917			119,480,381
Improvements other than buildings	3,979,413	494,355	809,111		5,282,879
Machinery and equipment	27,627,786	860,815	70,000	(94,280)	28,464,321
Infrastructure	<u>89,266,102</u>	<u>9,330</u>	<u>440,631</u>		<u>89,716,063</u>
Total capital assets being depreciated	<u>240,236,765</u>	<u>1,481,417</u>	<u>1,319,742</u>	<u>(94,280)</u>	<u>242,943,644</u>
Less accumulated depreciation for:					
Buildings and improvements	48,077,774	2,661,851			50,739,625
Improvements other than buildings	1,480,823	206,842			1,687,665
Machinery and equipment	19,560,514	1,325,445		(94,280)	20,791,679
Infrastructure	<u>65,066,502</u>	<u>1,146,448</u>			<u>66,212,950</u>
Total accumulated depreciation	<u>134,185,613</u>	<u>5,340,586</u>	<u>-</u>	<u>(94,280)</u>	<u>139,431,919</u>
Total capital assets being depreciated, net	<u>106,051,152</u>	<u>(3,859,169)</u>	<u>1,319,742</u>	<u>-</u>	<u>103,511,725</u>
Governmental Activities Capital Assets, Net	<u>\$ 135,208,066</u>	<u>\$ 27,501,761</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,709,827</u>

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

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

Governmental activities:	
General government	\$ 159,151
Public safety	919,873
Public works	2,551,255
Parks, recreation and libraries	127,588
Health and welfare	52,701
Education	<u>1,530,018</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u><u>5,340,586</u></u>

**Active Capital Projects**

The Town has active projects as of June 30, 2019. 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
Radio Control System Upgrade	1,650,000	1,650,000		-
School Ground Road Bridge	4,975,000	4,198,523		776,477
Land Acquisition Fund	1,535,276	1,351,517		183,759
Pump Station Upgrades	2,500,000	2,003,371	226	496,403
Harbor Street Culvert Repairs	2,100,000	1,850,466	45,925	203,609
Community Center Improvements	12,115,000	10,929,613	1,024,121	161,266
Branford Hills Demolition	300,000	294,330	2,500	3,170
BOE Bathroom Renovations	150,000	103,483		46,517
WIS Pool	300,000			300,000
Walsh Intermediate School Renovations	88,200,000	27,299,247	46,703,273	14,197,480
Linden Avenue Shoreline Stabilization	1,200,000	91,480	37,108	1,071,412
Branford High School Locker Room Renovation	300,000			300,000
Energy Performance Contract	6,000,000	5,303,288		696,712
Indian Neck Firehouse Renovations	1,675,000	410,997	1,210,709	53,294
James Blackstone Memorial Library Renovations	5,245,000	2,915,780	2,168,395	160,825
BHS Tennis Court Replacement	252,400	252,400		

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances at June 30, 2019 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 96,002
General Fund	Capital Projects Fund	36,073
Capital Projects Fund	General Fund	4,054,179
Capital Projects Fund	Sewer Assessment Fund	<u>1,100,000</u>
 Total		 \$ <u><u>5,286,254</u></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	\$	\$ 5,091,252	\$ 1,611,962	\$ 6,703,214
Sewer Assessment Fund			150,000	150,000
Capital Projects	36,073			36,073
Nonmajor Governmental	648,814	475,000		1,123,814
Total Transfers In	\$ 684,887	\$ 5,566,252	\$ 1,761,962	\$ 8,013,101

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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 29,075,000	\$ 18,000,000	\$ 5,090,000	\$ 41,985,000	\$ 4,885,000
Clean water notes	9,011,596		1,521,623	7,489,973	1,552,337
Less deferred amounts:					
For issuance premiums	1,977,820	160,832	304,962	1,833,690	
Total bonds and notes payable	40,064,416	18,160,832	6,916,585	51,308,663	6,437,337
Landfill closure	1,088,500		40,000	1,048,500	40,000
Net pension liability	19,443,659	20,714,851		40,158,510	
Net OPEB liability	14,438,393		7,666,972	6,771,421	
Compensated absences	2,893,938	673,412	37,763	3,529,587	143,497
Risk management claims	4,076,946	19,386,714	17,581,170	5,882,490	2,742,149
Notes payable	500,000		125,000	375,000	125,000
Total Governmental Activities					
Long-Term Liabilities	\$ 82,505,852	\$ 58,935,809	\$ 32,367,490	\$ 109,074,171	\$ 9,487,983

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

A schedule of bonds and notes outstanding at June 30, 2019 is presented below:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2019</u>
General Obligation:				
School, 2.0-4.0%, mature in 2018	\$ 56,000	\$	\$ 56,000	\$ -
School, 2.0-5.0%, mature in 2022	1,059,000		227,000	832,000
School, 2.0-5.0%, mature in 2032	9,125,000		955,000	8,170,000
School, 2.0-4.0%, mature in 2038	-	12,500,000		12,500,000
Public improvement sewer, 2.0-4.0%, mature in 2018	169,000		169,000	-
Public improvement sewer, 2.0-5.0%, mature in 2012	12,366,000		2,663,000	9,703,000
Public improvement, 2.0-4.0%, mature in 2032	4,975,000		535,000	4,440,000
Public improvement sewer, 2.0-4.0%, mature in 2038	-	5,500,000		5,500,000
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2018	425,000		425,000	-
Sewer, 2.0-4.0%, mature in 2032	900,000		60,000	840,000
 Total Bonds	 29,075,000	 18,000,000	 5,090,000	 41,985,000
 State of Connecticut, CWF, 2%, mature in 2022	 4,736,369		 1,078,525	 3,657,844
State of Connecticut, CWF, 2% mature in 2027	2,974,881		317,551	2,657,330
State of Connecticut, CWF, 2% mature in 2028	1,300,346		125,547	1,174,799
 Total Bonds and Notes	 \$ <u>38,086,596</u>	 \$ <u>18,000,000</u>	 \$ <u>6,611,623</u>	 \$ <u>49,474,973</u>

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

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

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,885,000	\$ 1,352,563	\$ 6,237,563
2021	4,850,000	1,155,938	6,005,938
2022	4,950,000	957,688	5,907,688
2023	4,050,000	753,188	4,803,188
2024	1,950,000	623,188	2,573,188
2025-2029	9,750,000	2,285,250	12,035,250
2030-2034	7,800,000	1,107,469	8,907,469
2035-2039	<u>3,750,000</u>	<u>262,375</u>	<u>4,012,375</u>
Total	\$ <u>41,985,000</u>	\$ <u>8,497,659</u>	\$ <u>50,482,659</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%.

The following is a summary of debt maturities for repayment of clean water fund notes:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,552,337	\$ 135,621	\$ 1,687,958
2021	1,583,670	104,288	1,687,958
2022	1,615,635	72,323	1,687,958
2023	769,855	45,552	815,407
2024	489,659	34,897	524,556
2025-2028	<u>1,478,817</u>	<u>45,338</u>	<u>1,524,155</u>
Total	\$ <u>7,489,973</u>	\$ <u>438,019</u>	\$ <u>7,927,992</u>

**General Obligation Bonds and Notes**

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

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

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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	\$ 231,644	\$ 28,758	\$ 202,886
Schools	463,289	93,102	370,187
Sewers	386,074	8,430	377,644
Urban renewal	334,597		334,597
Pension deficit	308,859		308,859

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$720,671.

**Notes Payable**

The Town has entered into a multi-year note payable for the energy efficiency projects. Principal payments for 2019 were \$-0-. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities
2020	\$ 125,000
2021	125,000
2022	125,000
Total minimum lease payments	375,000
Less amount representing interest	-
Present Value of Minimum Lease Payments	\$ 375,000

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

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**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 \$3,366,297 reported in the Internal Service Fund at June 30, 2019 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:

		<b>Liability</b>	<b>Current Year</b>	<b>Claim</b>	<b>Liability</b>
		<b>July 1,</b>	<b>Claims</b>	<b>Payments</b>	<b>June 30,</b>
			<b>and Changes</b>		
			<b>in Estimates</b>		
2017-2018	\$	1,951,694	\$ 777,195	\$ 971,205	\$ 1,757,684
2018-2019		1,757,684	2,261,659	653,046	3,366,297

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 \$1,457,193 at June 30, 2019 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:

		<b>Liability</b>	<b>Current Year</b>	<b>Claim</b>	<b>Liability</b>
		<b>July 1,</b>	<b>Claims</b>	<b>Payments</b>	<b>June 30,</b>
			<b>and Changes</b>		
			<b>in Estimates</b>		
2017-2018	\$	1,204,622	\$ 315,153	\$ 172,513	\$ 1,347,262
2018-2019		1,347,262	279,900	169,969	1,457,193



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

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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 \$1,059,000 at June 30, 2019 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:

			<b>Current Year</b>		
		<b>Liability</b>	<b>Claims</b>	<b>Claim</b>	<b>Liability</b>
		<b>July 1,</b>	<b>and Changes</b>	<b>Payments</b>	<b>June 30,</b>
			<b>in Estimates</b>		
2017-2018	\$	1,025,000	\$ 10,666,345	\$ 10,719,345	\$ 972,000
2018-2019		972,000	16,845,155	16,758,155	1,059,000

**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 of Branford 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 postclosure 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. A special revenue fund for the closure of the landfill 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

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### Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover, Demolition and Grading Cost	\$ 8,500
Postclosure Care Costs (26 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	429,000
Monitoring Program, Groundwater, Methane and Stormwater (\$23,500 annually)	<u>611,000</u>
Total	\$ <u>1,048,500</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, 2019 as reflected in BRRFOC's financial statements is \$1.29 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**

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**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 65<sup>th</sup> 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 10 years remaining as of January 2019.

At July 1, 2017 and January 1, 2019, for the Police employees retirement plan and the volunteer fire department pension plan (date of latest valuations), plan membership consisted of the following, respectively:

	<b>Police Employees Retirement Plan</b>	<b>Volunteer Fire Department Pension Plan</b>
Retirees, disabled and beneficiaries currently receiving benefits	48	17
Terminated employees entitled to benefits but not yet receiving them	2	
Active plan members	35	221
Total Participants	85	238

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

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**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:

**Police Employees Retirement Plan**

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

**Volunteer Fire Department Pension Plan**

<b>Asset Class</b>	<b>Target Allocation</b>
Large Cap Domestic Equity	14.50%
Mid Cap Domestic Equity	5.00%
Small Cap Domestic Equity	5.50%
Developed International Equity	12.50%
Emerging Markets International Equity	8.50%
U.S. Real Estate and MLP's	8.50%
U.S. Investment Grade Bonds	35.50%
U.S. High Yield Bonds	7.50%
Cash	2.00%
Total	99.50%

**Rate of Return**

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 5.07% and 5.06% 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.

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

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**Deferred Retirement Option Program**

The police employee's retirement plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2019, seven officers have elected the DROP and the DROP balance was \$994,761.

**Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2019 were as follows:

	<b>Police Employees Retirement Plan</b>	<b>Volunteer Fire Department Pension Plan</b>
Total pension liability	\$ 36,291,316	\$ 1,457,734
Plan fiduciary net position	<u>25,828,370</u>	<u>1,111,916</u>
Net Pension Liability	<u>\$ 10,462,946</u>	<u>\$ 345,818</u>
Plan fiduciary net position as a percentage of the total pension liability	71.17%	76.28%

**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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return	6.50%, 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-2018.

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

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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, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

Police Employees Retirement Plan

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equity	5.25%
Mid Cap Domestic Equity	6.00%
Small Cap Domestic Equity	5.75%
Developed International Equity	6.50%
U.S. Real Estate and MLP's	2.50%
U.S. Investment Grade Bonds	3.75%
U.S. High Yield Bonds	5.50%
Cash	1.00%

Volunteer Fire Department Pension Plan

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equity	4.50%
Mid Cap Domestic Equity	5.50%
Small Cap Domestic Equity	5.00%
Developed International Equity	5.25%
Emerging Markets International Equity	6.25%
U.S. Real Estate and MLP's	4.50%
U.S. Investment Grade Bonds	2.00%
U.S. High Yield Bonds	3.25%
Cash	0.25%

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

**Changes in the Net Pension Liability**

<b>Police Employees Retirement Plan</b>			
<b>Increase (Decrease)</b>			
<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>	
<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>	
Balances as of June 30, 2018	\$ 34,541,745	\$ 23,747,176	\$ 10,794,569
Changes for the year:			
Service cost	437,672		437,672
Interest on total pension liability	2,207,541		2,207,541
Changes of benefit terms	844,917		844,917
Employer contributions		1,489,164	(1,489,164)
Member contributions		243,220	(243,220)
Net investment income (loss)		1,202,629	(1,202,629)
Benefit payments, including refund to employee contributions	(1,740,559)	(1,740,559)	-
Other changes		886,740	(886,740)
Net changes	1,749,571	2,081,194	(331,623)
Balances as of June 30, 2019	\$ 36,291,316	\$ 25,828,370	\$ 10,462,946

<b>Volunteer Fire Department Pension Plan</b>			
<b>Increase (Decrease)</b>			
<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>	
<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>	
Balances as of June 30, 2018	\$ 1,346,955	\$ 1,012,368	\$ 334,587
Changes for the year:			
Service cost	20,496		20,496
Interest on total pension liability	90,917		90,917
Differences between expected and actual experience	(26,189)		(26,189)
Changes in assumptions	67,300		67,300
Employer contributions		87,000	(87,000)
Net investment income (loss)		54,293	(54,293)
Benefit payments, including refund to employee contributions	(41,745)	(41,745)	-
Net changes	110,779	99,548	11,231
Balances as of June 30, 2019	\$ 1,457,734	\$ 1,111,916	\$ 345,818

**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 current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate, and for the Volunteer Fire Department Pension Plan calculated using the discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Police Employees Retirement Plan	\$ 14,574,350	\$ 10,462,946	\$ 7,025,733
Volunteer Fire Department Pension Plan	\$ 591,420	\$ 345,818	\$ 146,338

**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**

	<b>Pension Trust Funds</b>		
	<b>Police Pension Trust Fund</b>	<b>Volunteer Fire Department Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
Assets:			
Cash and cash equivalents	\$ 971,235	\$ 24,596	\$ 995,831
Investments	23,970,395	1,087,320	25,057,715
Accounts receivable	886,740		886,740
Total assets	<u>25,828,370</u>	<u>1,111,916</u>	<u>26,940,286</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 25,828,370</u>	<u>\$ 1,111,916</u>	<u>\$ 26,940,286</u>



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

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**Changes in Pension Net Position**

	<b>Pension Trust Funds</b>		
	<b>Police Pension Trust Fund</b>	<b>Volunteer Fire Department Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
Additions:			
Contributions:			
Employer	\$ 1,489,164	\$ 87,000	\$ 1,576,164
Plan members	<u>1,129,960</u>		<u>1,129,960</u>
Total contributions	<u>2,619,124</u>	<u>87,000</u>	<u>2,706,124</u>
Net investment income	<u>1,202,629</u>	<u>54,293</u>	<u>1,256,922</u>
Total additions	3,821,753	141,293	3,963,046
Deductions:			
Benefits	<u>1,740,559</u>	<u>41,745</u>	<u>1,782,304</u>
Net Increase in Net Position	2,081,194	99,548	2,180,742
Net Position at Beginning of Year	<u>23,747,176</u>	<u>1,012,368</u>	<u>24,759,544</u>
Net Position at End of Year	<u>\$ 25,828,370</u>	<u>\$ 1,111,916</u>	<u>\$ 26,940,286</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, 2019, the Town recognized pension expense of \$2,382,716. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

		<b>Police Employees Retirement Plan</b>	
		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$	983,880	\$ 113,457
Changes of assumptions		527,181	
Net difference between projected and actual earning on pension plan investments		997,801	
Total	\$	<u>2,508,862</u>	<u>\$ 113,457</u>

  

		<b>Volunteer Fire Department Pension</b>	
		<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$		\$ 50,625
Changes of assumptions		94,892	
Net difference between projected and actual earning on pension plan investments		35,598	
Total	\$	<u>130,490</u>	<u>\$ 50,625</u>

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

<b><u>Year Ending June 30</u></b>	<b><u>Police Employees Retirement Plan</u></b>	<b><u>Volunteer Fire Department Pension Plan</u></b>
2020	\$ 1,179,778	\$ 18,879
2021	856,954	10,047
2022	292,625	11,556
2023	66,048	5,772
2024		2,664
Thereafter		30,947

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

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### **B. Defined Contribution Plan**

The Town established a defined contribution plan (DC Plan) effective January 1, 2012 to provide benefits at retirement for officers hired after 2011. Initially the Town anticipated that the new plan would reduce costs and induce officers retiring from other communities with a defined benefit pension plan (DB Plan) to work in Branford because they could receive their DB Plan payments, their wages and immediately qualify for the Town's DC Plan. While the plan was initially successful, it became difficult for police retiring from DB towns to work in Branford due to, among other factors, the State Comptroller's interpretation of Connecticut Municipal Employees Retirement System requirements that retirees may not simultaneously collect benefits from one community while working for another. As a result, higher turnover rates presented significant operational challenges to the Branford Police Department. In response to operational difficulties and police officer preferences, the Representative Town Meeting in FY 2019 unanimously voted to close the DC Plan and allow those in the DC Plan to convert to a DB Plan. Those selecting the DB Plan will have their current DC Plan account balances transferred to the assets of the DB Plan. As a result, the DB plan received \$883,224 from the DC Plan. The assimilation of officers into the DB Plan is estimated to cost approximately \$89,116 per year (Normal Costs), an increase over the DC Plan of \$24,699.

### **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](http://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.

#### **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.

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

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### **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.

### **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, who began employment prior to July 1, 1996, 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.

### **Pre-Retirement Death Benefit**

The plan offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

#### **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. In addition, there is also an annual administrative fee per active and retired member.

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

At June 30, 2019, the Town reports a liability of \$29,349,746 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on results of an actuarial experience study for the period July 1, 2012 through June 30, 2017. 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, 2019, the Town's proportion was 3.07%. The decrease in proportion from 2018 was 0.28%.

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

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For the year ended June 30, 2019, the Town recognized pension expense of \$10,913,398. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Town contributions after the measurement date	\$ 2,511,387	\$
Change in proportional share	99,310	486,792
Change in assumptions	10,060,603	
Differences between expected and actual experience	3,701,090	321,267
Net difference between projected and actual earnings on pension plan investments	<u>1,723,326</u>	
Total	<u>\$ 18,095,716</u>	<u>\$ 808,059</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**

2020	\$ 4,698,124
2021	3,995,349
2022	2,792,503
2023	<u>3,290,294</u>
Total	<u>\$ 14,776,270</u>

**Actuarial Assumptions**

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

Inflation	2.50%
Salary increase	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on:

RP-2014 Combined Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for General Employees.

RP-2014 Blue Collar Mortality Table adjusted to 2006 and projected to 2015 with Scale MP-2017 and projected to 2022 with Scale BB for Police and Fire.

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

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For disabled retirees, the RP-2014 Disabled Mortality Table projected with Scale BB to 2020 was used.

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%.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond fund	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%
Total	100.0%	

**Discount Rate**

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

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

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**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 current discount rate, 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 or 1 percentage point higher than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's Proportionate Share of the Net Pension Liability	\$ 43,291,253	\$ 29,349,746	\$ 17,675,958

**D. Connecticut Teachers Retirement System - Pension**

**Plan Description**

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

**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.

## TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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### *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.

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

At June 30, 2019, 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>84,369,802</u>
Total	\$ <u>84,369,802</u>

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

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$9,469,019 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, 2018, 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.



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

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

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

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

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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	100.0%	

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

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**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](http://www.ct.gov).

**Other Information**

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

**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.

## TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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### 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, 2018, plan membership consisted of the following:

	<b><u>Post-Retirement Medical Program</u></b>
Retired members and spouses	67
Active plan members	<u>586</u>
Total Participants	<u><u>653</u></u>

### 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.

## TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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### 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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net OPEB Liability of the Town

The Town's net OPEB liability was measured as of June 30, 2019. The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

Total OPEB liability	\$	30,260,001
Plan fiduciary net position		<u>23,488,580</u>
Net OPEB Liability	\$	<u><u>6,771,421</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		77.62%

#### Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary increases	3.60%, average, including inflation
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.00% for 2018, decreasing 0.5% per year to an ultimate rate of 4.60% 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-2018.

The actuarial assumptions used in the July 1, 2018 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**

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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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Large Cap Equity	14.50 %	4.50 %
U.S. Mid/Small Cap Equity	11.00	5.00
Developed International Equity	12.50	5.25
Emerging Markets Equity	8.50	6.25
Intermediate Corp Fixed Income	18.00	2.50
Intermediate Govt Fixed Income	18.00	1.50
High Yield Fixed Income	8.00	3.25
Cash	1.00	0.00
REITs	3.25	4.50
Commodities (MLPs)	5.25	4.50
Total	<u>100.00 %</u>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.50%. 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)		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a)-(b)</b>
Balances as of July 1, 2018	\$ 30,544,885	\$ 16,106,492	\$ 14,438,393
Changes for the year:			
Service cost	884,463		884,463
Interest on total OPEB liability	2,066,626		2,066,626
Differences between expected and actual experience	(2,500,899)		(2,500,899)
Changes of assumption	917,229		917,229
Employer contributions		8,141,374	(8,141,374)
Contributions - TRB subsidy		51,480	(51,480)
Net investment income (loss)		841,537	(841,537)
Benefit payments	(1,652,303)	(1,652,303)	-
Net changes	(284,884)	7,382,088	(7,666,972)
Balances as of June 30, 2019	\$ 30,260,001	\$ 23,488,580	\$ 6,771,421

**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 or 1 percentage point higher than the current discount rate:

	<b>1% Decrease (5.50%)</b>	<b>Current Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Net OPEB Liability	\$ 11,044,903	\$ 6,771,421	\$ 3,268,494

**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 or 1 percentage point higher than the current healthcare cost trend rates:

	<b>1% Decrease (6.00% decreasing to 3.60%)</b>	<b>Healthcare Cost Trend Rates (7.00% decreasing to 4.60%)</b>	<b>1% Increase (8.00% decreasing to 5.60%)</b>
Net OPEB Liability	\$ 2,608,627	\$ 6,771,421	\$ 11,955,999

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

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,614,150. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 24,420	\$ 2,273,545
Changes of assumptions	833,845	
Differences between projected and actual earnings on OPEB plan investments	<u>573,110</u>	
Total	<u>\$ 1,431,375</u>	<u>\$ 2,273,545</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**

2020	\$ 18,868
2021	18,868
2022	18,868
2023	(48,758)
2024	(141,316)
Thereafter	(708,700)

**Trust Fund Plan Fiduciary Net Position**

	<b>Pension Trust Funds</b>	<b>Retiree Benefits Trust Fund</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 995,831	\$ 6,183,829	\$ 7,179,660
Investments	25,057,715	17,311,304	42,369,019
Accounts receivable	<u>886,740</u>		<u>886,740</u>
Total assets	26,940,286	23,495,133	50,435,419
Liabilities:			
Accounts payable		<u>6,553</u>	<u>6,553</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 26,940,286</u>	<u>\$ 23,488,580</u>	<u>\$ 50,428,866</u>

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

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**Changes in Trust Fund Net Position**

	<b>Pension Trust Funds</b>	<b>Retiree Benefits Trust Fund</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 1,576,164	\$ 8,141,374	\$ 9,717,538
Plan members	1,129,960		1,129,960
Other		51,480	51,480
Total contributions	<u>2,706,124</u>	<u>8,192,854</u>	<u>10,898,978</u>
Net investment income	<u>1,256,922</u>	<u>841,537</u>	<u>2,098,459</u>
Total additions	3,963,046	9,034,391	12,997,437
Deductions:			
Benefits	<u>1,782,304</u>	<u>1,652,303</u>	<u>3,434,607</u>
Change in Net Position	2,180,742	7,382,088	9,562,830
Net Position at the Beginning of Year	<u>24,759,544</u>	<u>16,106,492</u>	<u>40,866,036</u>
Net Position at the End of Year	<u>\$ 26,940,286</u>	<u>\$ 23,488,580</u>	<u>\$ 50,428,866</u>



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

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### **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](http://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 Supplement 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 Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

#### **Survivor Health Care Coverage**

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

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

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### **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.

#### *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.

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

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

At June 30, 2019, 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>16,866,066</u>
Total	\$ <u>16,866,066</u>

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

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$(5,602,897) in Exhibit II.

**Actuarial Assumptions**

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

Inflation	2.75%
Health care costs trend rate	
Pre-Medicare	5.95% decreasing to 4.75% by 2025
Medicare	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.00%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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

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

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

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The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluating the long-term rate of return assumption, including the plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net investment expense and inflation) for each major asset class. The long-term expected rate of return was determined by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The plan is 100% invested in U.S. Treasuries (Cash Equivalents) for which the expected 10-Year Geometric Real Rate of Return is (0.27%).

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current member contribution rate and that contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members. No future State contributions were assumed to be made. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination.

### **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](http://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, 2019 are as follows:

	<b>Major Special Revenue Funds</b>			<b>Nonmajor Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Sewer Assessment</b>		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 16,717	\$ 16,717
Prepaid items	17,105				17,105
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		6,163,402	3,142,751		9,306,153
Unspent grant balances				5,059,032	5,059,032
Permanent funds				234,117	234,117
Committed to:					
Public works lease	278,190				278,190
General government				729,185	729,185
Public safety				228,053	228,053
Public works and highway				1,982,958	1,982,958
Parks, recreation and libraries				762,531	762,531
Health and human services				1,090,502	1,090,502
Education	1,268			138,022	139,290
Assigned to:					
Subsequent year's budget	2,825,000				2,825,000
Purchases on order	707,847				707,847
Unassigned	<u>28,769,857</u>				<u>28,769,857</u>
Total Fund Balances	<u>\$ 32,599,267</u>	<u>\$ 6,163,402</u>	<u>\$ 3,142,751</u>	<u>\$ 10,341,537</u>	<u>\$ 52,246,957</u>

Significant encumbrances of \$707,847, \$54,132,567 and \$330,456 at June 30, 2019 are contained in the above table in the committed and assigned categories of the General Fund, the restricted category of the Capital Projects 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.

**15. SUBSEQUENT EVENTS**

On October 10, 2019, the Town issued \$45,000,000 of general obligation bonds with interest rates of 2.00-5.00% maturing serially from October 15, 2022 through October 15, 2039, for the Walsh Intermediate School Renovation, the Community Center Renovation project and Blackstone Library Improvements.

**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, 2019**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Taxes:				
Current Taxes	\$ 99,382,869	\$ 99,382,869	\$ 101,259,963	\$ 1,877,094
Delinquent Interest	490,000	490,000	672,512	182,512
Lien Fees	6,100	6,100	6,400	300
Suspense Collections	6,100	6,100	6,842	742
Delinquent Taxes	925,000	925,000	1,190,209	265,209
Warrant Fees	500	500	1,548	1,048
Returned Check Fees	100	100	120	20
Attorney Fees	1,500	1,500		(1,500)
Motor Vehicle Fees	3,000	3,000	5,584	2,584
Total taxes	100,815,169	100,815,169	103,143,178	2,328,009
Intergovernmental Revenues:				
Education Cost Sharing	1,801,256	1,801,256	2,271,599	470,343
Special Education	565,857	565,857	333,756	(232,101)
Health and Welfare	5,900	5,900	8,227	2,327
Disability Exemption	2,100	2,100	2,199	99
Veterans' Reimbursement - State			20,877	20,877
Private Property Exemption			105,041	105,041
State Property Exemption			12,155	12,155
Miscellaneous State Grants	30,000	30,000	24,761	(5,239)
Wild Life Refuge			4,401	4,401
SAFER Grant			208,640	208,640
North Branford Probate Fees	5,500	5,500	5,821	321
North Branford Sewer Fees	200,000	200,000	195,790	(4,210)
Total intergovernmental revenues	2,610,613	2,610,613	3,193,267	582,654

(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, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Licenses, Permits and Fees:				
Building Permits	\$ 490,000	\$ 490,000	\$ 469,285	\$ (20,715)
Excavation Permits	5,000	5,000	5,850	850
Sewer Connection Permits			144	144
Zoning Board of Appeals	2,500	2,500	3,200	700
Planning and Zoning	21,000	21,000	17,355	(3,645)
Planning and Zoning - DEP Costs	500	500	576	76
Map Copies - Building and Engineering	1,600	1,600	2,487	887
Inland Wetlands Applications	15,000	15,000	12,108	(2,892)
Inland Wetlands - DEP Application Costs			50	50
Building Dept - Education Fee	300	300	668	368
Transfer Station Escrow	105,000	105,000	131,487	26,487
Trip Passes	1,500	1,500	1,768	268
Sticker Revenue	12,000	12,000	13,295	1,295
Electrical Revenue Share			18,211	18,211
Permits and Tags - Police	6,000	6,000	3,558	(2,442)
Special Wages - Police	525,000	615,000	842,408	227,408
Fingerprinting Fees	15,000	15,000	12,468	(2,532)
False Alarm Fees	4,900	4,900	3,900	(1,000)
Pump Out Services	6,000	6,000	7,425	1,425
Town Clerk Other Monies	340,000	340,000	316,920	(23,080)
Conveyance Taxes	327,000	327,000	586,265	259,265
DEP Licenses - Town Portion	325	325	319	(6)
Marriage Licenses - Town Portion	2,550	2,550	4,192	1,642
Dog Licenses	3,000	3,000	2,138	(862)
Ambulance Service Fees	1,800,000	1,800,000	1,967,850	167,850
Miscellaneous Permits and Fees - Fire Services	1,700	1,700	2,852	1,152
E-Commerce Revenue Share	15,000	15,000	12,431	(2,569)
Total licenses, permits and fees	3,700,875	3,790,875	4,439,210	648,335
Interest Income	235,000	235,000	1,196,297	961,297
Other:				
Willoughby - Wallace Library Fees	2,800	2,800	3,637	837
Willoughby - Passport Fees	5,800	5,800	7,035	1,235
Employee Health Insurance Co-pay	515,000	515,000	680,959	165,959
In Lieu of Taxes - Telephone Access	80,000	80,000	66,871	(13,129)

(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, 2019**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 263,000	\$ 263,000	\$ 349,949	\$ 86,949
Leases	26,000	26,000	29,675	3,675
Elderly Services - Building Usage	1,800	1,800	3,015	1,215
Elderly Services - NGO Revenue			235	235
Recreation Department - Facility Usage	2,500	2,500	1,750	(750)
Foote Family Charitable Trust	200,000	200,000	200,000	-
Insurance Claims and Refunds	20,000	20,000	41,669	21,669
Miscellaneous Refunds			2,607	2,607
Miscellaneous Income	8,000	8,000	276,417	268,417
Sale of Town Property	105,000	105,000	85,270	(19,730)
Commerce Bank Revenue Share	15,000	15,000	19,820	4,820
Returned Check Fees			85	85
Under Liquidated Encumbrances			11,526	11,526
Total other	<u>1,244,900</u>	<u>1,244,900</u>	<u>1,780,520</u>	<u>535,620</u>
Total revenues	108,606,557	108,696,557	113,752,472	5,055,915
Other Financing Sources:				
Transfers in	<u>648,814</u>	<u>737,916</u>	<u>737,916</u>	<u>-</u>
Total Revenue and Other Financing Sources	<u>\$ 109,255,371</u>	<u>\$ 109,434,473</u>	114,490,388	<u>\$ 5,055,915</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.			9,469,019	
State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			(5,602,897)	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(11,526)	
The Town does not budget for Board of Education severance fund revenues.			1,268	
The Town does not budget for Board of Education severance fund transfers.			(53,029)	
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>333,756</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>\$ 118,626,979</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, 2019**

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
General Government:				
Legislative	\$ 18,140	\$ 18,140	\$ 12,118	\$ 6,022
Executive	359,384	359,384	355,896	3,488
Finance	91,603	91,603	90,196	1,407
Treasurer	449,714	456,255	449,537	6,718
Assessor	427,404	433,887	417,029	16,858
Review of Assessment	13,349	13,349	10,561	2,788
Tax Collector	418,308	431,073	282,776	148,297
Town Clerk	255,748	255,748	251,924	3,824
Law	335,000	485,000	453,335	31,665
Labor Relations Negotiations	62,500	62,500	39,145	23,355
Probate Court	12,550	12,550	9,788	2,762
Elections	165,592	177,595	177,122	473
Planning and Zoning	304,215	312,078	306,458	5,620
Zoning Board of Appeals	8,877	8,877	8,067	810
Economic Development Commission	15,185	15,185	14,373	812
Inland Wetlands Commission	127,086	132,294	112,448	19,846
General Government Buildings	991,178	991,178	915,089	76,089
Cable Television	7,200	7,200	5,865	1,335
Information Technology	837,630	837,630	796,327	41,303
Human Resources	289,812	289,812	218,284	71,528
Total	5,190,475	5,391,338	4,926,338	465,000
Public Safety:				
Police Service	6,360,477	6,617,879	6,340,973	276,906
Police Service - Special Detail	525,000	615,000	612,767	2,233
Fire Protection	5,699,540	5,979,170	5,956,005	23,165
Building Department	182,445	188,739	186,517	2,222
Total	12,767,462	13,400,788	13,096,262	304,526
Public Works and Highways:				
Public Works	2,492,007	2,496,965	2,405,221	91,744
Sanitation and Waste	3,162,043	3,166,779	3,022,967	143,812
General Engineering	360,424	368,594	352,532	16,062
Total	6,014,474	6,032,338	5,780,720	251,618

(Continued on next page)

**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, 2019**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Recreation:				
Branford Recreation Department	\$ 1,145,077	\$ 1,172,165	\$ 1,157,470	\$ 14,695
Young's Park Commission	9,415	9,415	8,625	790
Docks and Recreational Facilities	17,952	17,952	14,328	3,624
Public Celebration	29,068	29,068	27,138	1,930
Conservation Commission	4,464	4,464	4,455	9
Total	<u>1,205,976</u>	<u>1,233,064</u>	<u>1,212,016</u>	<u>21,048</u>
Libraries:				
James Blackstone Memorial Library	1,409,095	1,409,095	1,409,095	-
Willoughby-Wallace Library	235,323	241,552	232,523	9,029
Total	<u>1,644,418</u>	<u>1,650,647</u>	<u>1,641,618</u>	<u>9,029</u>
Health and Welfare:				
Commission for the Elderly	415,494	422,101	400,391	21,710
East Shore District Health	250,942	250,942	250,942	-
Total	<u>666,436</u>	<u>673,043</u>	<u>651,333</u>	<u>21,710</u>
Board of Education	<u>56,779,223</u>	<u>56,779,223</u>	<u>56,625,395</u>	<u>153,828</u>
Pension and Insurance:				
Pension and Contributions	4,588,308	5,063,308	4,574,097	489,211
Employee Group Insurance	6,803,654	6,803,654	6,803,654	-
Municipal Insurance	2,346,451	2,371,226	2,371,222	4
Contingency	1,274,216	418		418
Total	<u>15,012,629</u>	<u>14,238,606</u>	<u>13,748,973</u>	<u>489,633</u>
Debt Service:				
Principal Retirement	6,736,625	6,736,625	6,736,624	1
Interest and Fiscal Charges	1,538,348	1,439,348	1,437,731	1,617
Total	<u>8,274,973</u>	<u>8,175,973</u>	<u>8,174,355</u>	<u>1,618</u>
Total expenditures	<u>107,556,066</u>	<u>107,575,020</u>	<u>105,857,010</u>	<u>1,718,010</u>

(Continued on next page)

**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, 2019**

	<b>Budgeted Amounts</b>			<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 104,916	\$ 109,442	\$ 109,442	\$ -
Sewer Utility Fund	600,000	600,000	600,000	-
Human Services Fund	1,011,657	1,011,657	1,011,657	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Revaluation Fund	50,000	50,000	50,000	-
Ambulance	75,000	75,000	75,000	-
Fire Apparatus	200,000	200,000	200,000	-
Municipal Facilities Fund	105,000	1,235,000	1,235,000	-
Elderly Vehicles	35,000	35,000	35,000	-
Communications Fund	155,000	155,000	155,000	-
DPW Apparatus	275,000	275,000	275,000	-
Coastal Resiliency Fund		1,000,000	1,000,000	-
Capital Procurement Fund	1,885,932	1,961,554	1,961,554	-
Total other financing uses	<u>4,524,305</u>	<u>6,734,453</u>	<u>6,734,453</u>	<u>-</u>
Total Budgeted Operations	\$ <u>112,080,371</u>	\$ <u>114,309,473</u>	112,591,463	\$ <u>1,718,010</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.			9,469,019	
State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			(5,602,897)	
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.			333,756	
The Town does not budget for Lease fund expenditures.			225,351	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(462,102)	
The Town budgeted for certain capital transfers in the prior year, recorded this year for GAAP.			250,000	
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.			(151,160)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>116,653,430</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Service cost	\$ 579,898	600,194	\$ 621,201	\$ 586,875	\$ 586,875	\$ 437,672
Interest	1,838,139	1,906,563	1,990,048	2,058,756	2,140,743	2,207,541
Changes of benefit terms						844,917
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	(1,519,089)	(1,400,569)	(1,564,499)	(1,644,784)	(1,602,870)	(1,740,559)
Net change in total pension liability	898,948	1,106,188	1,357,594	1,000,847	3,752,252	1,749,571
Total pension liability - beginning	26,425,916	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745
Total pension liability - ending	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745	36,291,316
Plan fiduciary net position:						
Contributions - employer	920,000	898,000	910,500	914,742	1,911,484	1,489,164
Contributions - member	282,016	301,069	280,850	258,782	211,005	243,220
Net investment income	2,255,408	40,613	149,903	1,542,864	776,539	1,202,629
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,569)	(1,564,499)	(1,644,784)	(1,602,870)	(1,740,559)
Other						886,740
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,246)	1,071,604	1,296,158	2,081,194
Plan fiduciary net position - beginning	19,825,212	21,763,547	21,602,660	21,379,414	22,451,018	23,747,176
Plan fiduciary net position - ending	21,763,547	21,602,660	21,379,414	22,451,018	23,747,176	25,828,370
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>	\$ <u>10,462,946</u>
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%	68.75%	71.17%
Covered payroll	\$ 3,462,045	3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132	\$ 3,806,985
Net pension liability as a percentage of covered-employee payroll	160.64%	197.24%	235.14%	233.16%	404.12%	274.84%

\*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 FIVE FISCAL YEARS\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:					
Service cost	\$ 13,044	\$ 18,559	\$ 19,116	\$ 20,274	\$ 20,496
Interest	77,644	80,186	84,136	86,666	90,917
Differences between expected and actual experience	(34,725)		(733)		(26,189)
Changes of assumptions	16,764		23,148		67,300
Benefit payments, including refunds of member contributions	(40,957)	(42,937)	(42,936)	(46,584)	(41,745)
Net change in total pension liability	31,770	55,808	82,731	60,356	110,779
Total pension liability - beginning	1,116,290	1,148,060	1,203,868	1,286,599	1,346,955
Total pension liability - ending	<u>1,148,060</u>	<u>1,203,868</u>	<u>1,286,599</u>	<u>1,346,955</u>	<u>1,457,734</u>
Plan fiduciary net position:					
Contributions - employer	62,000	348,000	86,000	87,000	87,000
Net investment income (loss)	(192)	2,651	66,884	35,625	54,293
Benefit payments, including refunds of member contributions	(40,957)	(42,937)	(42,936)	(46,584)	(41,745)
Net change in plan fiduciary net position	20,851	307,714	109,948	76,041	99,548
Plan fiduciary net position - beginning	497,814	518,665	826,379	936,327	1,012,368
Plan fiduciary net position - ending	<u>518,665</u>	<u>826,379</u>	<u>936,327</u>	<u>1,012,368</u>	<u>1,111,916</u>
Net Pension Liability - Ending	<u>\$ 629,395</u>	<u>\$ 377,489</u>	<u>\$ 350,272</u>	<u>\$ 334,587</u>	<u>\$ 345,818</u>
Plan fiduciary net position as a percentage of the total pension liability	45.18%	68.64%	72.78%	75.16%	76.28%
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	0.00%	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>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>	<u>2019</u>
Actuarially determined contribution	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106	\$ 911,226	\$ 911,226	\$ 1,056,060
Contributions in relation to the actuarially determined contribution	<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>	<u>1,489,164</u>
Contribution Deficiency (Excess)	<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>	<u>\$ (433,104)</u>
Covered-employee payroll	\$ 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	\$ 3,806,985
Contributions as a percentage of covered-employee payroll	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%	25.46%	25.58%	71.56%	39.12%

**Notes to Schedule**

Valuation Date: July 1, 2017

Measurement Date: June 30, 2019

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	16 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 FIVE FISCAL YEARS\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 66,924	\$ 86,184	\$ 86,184	\$ 86,184	\$ 59,050
Contributions in relation to the actuarially determined contribution	<u>62,000</u>	<u>348,000</u>	<u>86,000</u>	<u>87,000</u>	<u>87,000</u>
Contribution Deficiency (Excess)	<u>\$ 4,924</u>	<u>\$ (261,816)</u>	<u>\$ 184</u>	<u>\$ (816)</u>	<u>\$ (27,950)</u>
Covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

**Notes to Schedule**

Valuation Date: January 1, 2019  
Measurement Date: June 30, 2019

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	10 years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	2.60% (Prior: 2.75%)
Salary increases	Volunteer fire plan, no salary
Investment rate of return	6.50% (Prior: 6.75%)
Retirement age	Scaled based on age from 50% at age 65 to 100% at age 70
Mortality	Pub-2010 (B) Public Retirement Plans Headcount Weighted Mortality Tables for Safety employees, for non-annuitants and annuitants, projected to the valuation date with Scale MP-2018. Prior: RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2017.

\*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 SIX FISCAL YEARS\***

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Annual money-weighted rate of return, net of investment expense	11.25%	0.18%	0.66%	7.19%	3.42%	5.07%

\*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 FIVE FISCAL YEARS\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	-0.04%	0.44%	7.55%	3.58%	5.06%

\*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>	<u>2019</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>64,784,314</u>	<u>70,090,168</u>	<u>91,314,924</u>	<u>86,553,802</u>	<u>84,369,802</u>
Total	<u>\$ 64,784,314</u>	<u>\$ 70,090,168</u>	<u>\$ 91,314,924</u>	<u>\$ 86,553,802</u>	<u>\$ 84,369,802</u>
Town's covered payroll	\$ 22,361,702	\$ 25,437,705	\$ 25,585,052	\$ 26,087,583	\$ 25,670,355
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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	61.51%	59.50%	52.26%	55.93%	57.69%

**Notes to Schedule**

Changes in benefit terms Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.  
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  
Single equivalent amortization period 17.6 years  
Asset valuation method 4-year smoothed market  
Investment rate of return 8.00%, net of investment-related expense

\*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>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>	<u>2019</u>
Actuarially determined contribution	\$ 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	\$ 2,511,387
Contributions in relation to the actuarially determined contribution	<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>	<u>2,511,387</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 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	\$ 19,552,183
Contributions as a percentage of covered-employee payroll	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%	12.11%	12.24%	12.82%	12.84%

**Notes to Schedule**

Valuation date: June 30, 2018  
Measurement date: June 30, 2018  
The actuarially determined contributions 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 23 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.

In 2018, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2018 valuation. Rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase 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, 2017.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town's proportion of the net pension liability	3.57%	3.29%	3.22%	3.35%	3.07%
Town's proportionate share of the net pension liability	\$ 3,519,712	\$ 6,345,626	\$ 10,725,931	\$ 8,314,503	\$ 29,349,746
Town's covered-employee payroll	\$ 18,444,678	\$ 18,444,678	\$ 18,428,703	\$ 19,160,897	\$ 19,552,183
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	19.08%	34.40%	58.20%	43.39%	150.11%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%	73.60%

\*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 THREE FISCAL YEARS\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total OPEB liability:			
Service cost	\$ 808,381	\$ 838,695	\$ 884,463
Interest	1,849,266	1,963,934	2,066,626
Differences between expected and actual experience	124,760	29,728	(2,500,899)
Changes of assumptions			917,229
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>	<u>(1,652,303)</u>
Net change in total OPEB liability	1,747,290	1,761,661	(284,884)
Total OPEB liability - beginning	<u>27,035,934</u>	<u>28,783,224</u>	<u>30,544,885</u>
Total OPEB liability - ending	<u>28,783,224</u>	<u>30,544,885</u>	<u>30,260,001</u>
Plan fiduciary net position:			
Contributions - employer	2,216,607	2,218,026	8,141,374
Contributions - TRB subsidy	25,410	64,570	51,480
Net investment income	1,090,779	662,753	841,537
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>	<u>(1,652,303)</u>
Net change in plan fiduciary net position	2,297,679	1,874,653	7,382,088
Plan fiduciary net position - beginning	<u>11,934,160</u>	<u>14,231,839</u>	<u>16,106,492</u>
Plan fiduciary net position - ending	<u>14,231,839</u>	<u>16,106,492</u>	<u>23,488,580</u>
Net OPEB Liability - Ending	<u>\$ 14,551,385</u>	<u>\$ 14,438,393</u>	<u>\$ 6,771,421</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.44%	52.73%	77.62%
Covered-employee payroll	\$ 49,561,870	\$ 51,420,440	\$ 44,608,973
Net OPEB liability as a percentage of covered-employee payroll	29.36%	28.08%	15.18%

\*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**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution (1)	\$ 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	\$ 2,048,581
Contributions in relation to the actuarially determined contribution	<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>	<u>8,141,374</u>
Contribution Deficiency (Excess)	<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>	<u>\$ (6,092,793)</u>
Covered-employee payroll	\$ 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	\$ 44,608,973
Contributions as a percentage of covered-employee payroll	3.29%	3.85%	3.26%	4.05%	4.02%	3.70%	3.27%	4.47%	4.31%	18.25%

Notes to Schedule

Valuation date: July 1, 2018

Measurement date: June 30, 2019

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	2.60% (Prior: 2.75%)
Healthcare cost trend rates	7.00% in 2018, decreasing 0.50% per year to an ultimate rate of 4.60% for 2023 and later. (Prior: 7.75% for 2016, decreasing 0.50% per year, to an ultimate rate of 4.75% for 2022 and later.)
Salary increases	3.60% (Prior 3.75%), average, including inflation
Investment rate of return	6.50% (Prior: 6.75%), net of pension plan investment expense, including inflation
Retirement age	Expected retirement ages of employees are based on union agreements and other expectations
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018. (Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.)

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

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	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	8.44%	4.50%	4.72%

\*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 TWO FISCAL YEARS\***

	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>16,866,066</u>	<u>22,277,963</u>
Total	<u>\$ 16,866,066</u>	<u>\$ 22,277,963</u>
Town's covered payroll	\$ 25,670,355	\$ 26,087,583
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	1.49%	1.79%

**Notes to Schedule**

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
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, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 34,161,369	\$ 33,659,952
Investments	8,774,687	9,662,953
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2019 and 2018	4,055,917	3,964,169
Interest	1,734,054	1,555,181
Intergovernmental	404,915	199,161
Other	457,703	528,878
Due from other funds	36,073	
Prepaid items	<u>17,105</u>	<u>16,554</u>
Total Assets	<u>\$ 49,641,823</u>	<u>\$ 49,586,848</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,413,638	\$ 2,765,579
Due to other funds	4,150,181	4,021,229
Unearned revenue	606,728	721,295
Other	<u>198,576</u>	<u>502,273</u>
Total liabilities	<u>8,369,123</u>	<u>8,010,376</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,796,530	3,621,428
Unavailable revenue - interest on property taxes	1,734,058	1,555,185
Advance property tax collections	<u>3,142,845</u>	<u>5,774,141</u>
Total deferred inflows of resources	<u>8,673,433</u>	<u>10,950,754</u>
Fund Balance:		
Nonspendable	17,105	16,554
Committed	279,458	94,468
Assigned	3,532,847	3,390,015
Unassigned	<u>28,769,857</u>	<u>27,124,681</u>
Total fund balance	<u>32,599,267</u>	<u>30,625,718</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 49,641,823</u>	<u>\$ 49,586,848</u>

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
REPORT OF TAX COLLECTOR  
FOR THE YEAR ENDED JUNE 30, 2019**

Grand List	Uncollected Taxes July 1, 2018	Lawful Corrections	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2019
					Taxes	Interest	Liens	Total	
2003	\$ 36,514	\$	\$	\$ 36,514	\$	\$ 25	\$	\$ 25	\$ 36,514
2004	35,616			35,616	485	1,128	24	1,637	35,131
2005	33,752			33,752	463	1,147	24	1,634	33,289
2006	36,745			36,745	726	1,674	36	2,436	36,019
2007	42,087			42,087	2,920	2,786	48	5,754	39,167
2008	67,842			67,842	2,702	836		3,538	65,140
2009	65,832			65,832	2,498	2	24	2,524	63,334
2010	80,586	(556)		80,030	5,135	3,237	48	8,420	74,895
2011	140,492			140,492	12,732	15,958	96	28,786	127,760
2012	144,526			144,526	42,028	25,978	240	68,246	102,498
2013	424,634	(2,470)	(184,730)	237,434	76,065	49,592	1,409	127,066	161,369
2014	667,865	(2,009)		665,856	165,057	69,908	2,150	237,115	500,799
2015	971,403	27,072		998,475	224,487	80,607	5,304	310,398	773,988
2016	1,697,731	5,200		1,702,931	738,266	153,089	21,867	913,222	964,665
2017	103,020,432	(205,503)		102,814,929	101,259,963	256,029	5,152	101,521,144	1,554,966
	<u>\$ 107,466,057</u>	<u>\$ (178,266)</u>	<u>\$ (184,730)</u>	<u>\$ 107,103,061</u>	102,533,527	661,996	36,422	103,231,945	<u>\$ 4,569,534</u>
					<u>6,841</u>	<u>10,516</u>	<u>1,286</u>	<u>18,643</u>	
					<u>\$ 102,540,368</u>	<u>\$ 672,512</u>	<u>\$ 37,708</u>	<u>\$ 103,250,588</u>	

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 33,828,882	\$ 54,297	\$ 278,190	\$	\$ 34,161,369
Investments	8,774,687				8,774,687
Receivables, net	6,652,589				6,652,589
Due from other funds	89,102			(53,029)	36,073
Other assets	17,105				17,105
Total Assets	<u>\$ 49,362,365</u>	<u>\$ 54,297</u>	<u>\$ 278,190</u>	<u>\$ (53,029)</u>	<u>\$ 49,641,823</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 3,413,638	\$	\$	\$	\$ 3,413,638
Due to other funds	4,150,181	53,029		(53,029)	4,150,181
Unearned revenue	606,728				606,728
Other	198,576				198,576
Total liabilities	<u>8,369,123</u>	<u>53,029</u>	<u>-</u>	<u>(53,029)</u>	<u>8,369,123</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,796,530				3,796,530
Unavailable revenue - interest on property taxes	1,734,058				1,734,058
Advance property tax collections	3,142,845				3,142,845
Total deferred inflows of resources	<u>8,673,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,673,433</u>
Fund Balances:					
Nonspendable	17,105				17,105
Committed		1,268	278,190		279,458
Assigned	3,532,847				3,532,847
Unassigned	28,769,857				28,769,857
Total fund balances	<u>32,319,809</u>	<u>1,268</u>	<u>278,190</u>	<u>-</u>	<u>32,599,267</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 49,362,365</u>	<u>\$ 54,297</u>	<u>\$ 278,190</u>	<u>\$ (53,029)</u>	<u>\$ 49,641,823</u>

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019

	General	Board of Education Severance Fund	Lease Fund	Eliminations	Total General Fund
Revenues:					
Property taxes	\$ 103,143,178	\$	\$	\$	\$ 103,143,178
Intergovernmental	7,393,145				7,393,145
Charges for services	4,439,210				4,439,210
Income on investments	1,196,297	1,268			1,197,565
Miscellaneous	1,608,162				1,608,162
Total revenues	<u>117,779,992</u>	<u>1,268</u>	<u>-</u>	<u>-</u>	<u>117,781,260</u>
Expenditures:					
Current:					
General government	4,856,193		7,565		4,863,758
Public safety	13,083,005				13,083,005
Public works and highway	5,692,303		131,304		5,823,607
Parks, recreation and libraries	2,840,993				2,840,993
Health and human services	652,291				652,291
Education	60,647,410		86,482		60,733,892
Pension and insurance	13,778,315				13,778,315
Debt service	8,174,355				8,174,355
Total expenditures	<u>109,724,865</u>	<u>-</u>	<u>225,351</u>	<u>-</u>	<u>109,950,216</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,055,127</u>	<u>1,268</u>	<u>(225,351)</u>	<u>-</u>	<u>7,831,044</u>
Other Financing Sources (Uses):					
Transfers in	737,916		462,102	(515,131)	684,887
Transfers out	(7,165,316)	(53,029)		515,131	(6,703,214)
Bond premiums	160,832				160,832
Total other financing sources (uses)	<u>(6,266,568)</u>	<u>(53,029)</u>	<u>462,102</u>	<u>-</u>	<u>(5,857,495)</u>
Net Change in Fund Balances	1,788,559	(51,761)	236,751	-	1,973,549
Fund Balances at Beginning of Year	<u>30,531,250</u>	<u>53,029</u>	<u>41,439</u>	<u>-</u>	<u>30,625,718</u>
Fund Balances at End of Year	<u>\$ 32,319,809</u>	<u>\$ 1,268</u>	<u>\$ 278,190</u>	<u>\$ -</u>	<u>\$ 32,599,267</u>

**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	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	\$ 42,812	\$ 707,840	\$ 1,189,085	\$ 133,404	\$ 321	\$ 143,216	\$ 2,814,949	\$	\$ 945,468
Investment										
Accounts receivable	6,143				405		292,044			
Intergovernmental receivable				14,010	87,108					
Due from other funds				96,002						
Inventory					16,717					
Total Assets	\$ 16,786	\$ 42,812	\$ 707,840	\$ 1,299,097	\$ 237,634	\$ 321	\$ 435,260	\$ 2,814,949	\$ -	\$ 945,468
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	\$ 2,544	\$ 18,923	\$ 353,537	\$ 83,216	\$	\$	\$ 258,289	\$	\$ 60,800
Unearned revenue				1,686						296,674
Total liabilities	-	2,544	18,923	355,223	83,216	-	-	258,289	-	357,474
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					16,717					
Restricted				943,874			143,216	2,556,660		
Committed	10,643	40,268	688,917		137,701	321				587,994
Total fund balance	10,643	40,268	688,917	943,874	154,418	321	143,216	2,556,660	-	587,994
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,786	\$ 42,812	\$ 707,840	\$ 1,299,097	\$ 237,634	\$ 321	\$ 435,260	\$ 2,814,949	\$ -	\$ 945,468

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**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2019**

	Special Revenue							
	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Sewer Utility Fund	FEMA Fund	Human Services Fund
<b>ASSETS</b>								
Cash and cash equivalents	\$ 1,351,223	\$ 90,081	\$ 41,415	\$ 496,799	\$ 134,380	\$ 952,267	\$ 103,140	\$ 557,947
Investment			133,957			562,646		
Accounts receivable						226,265		206,431
Intergovernmental receivable	61				130,813	589,316		
Due from other funds								
Inventory								
Total Assets	<u>\$ 1,351,284</u>	<u>\$ 90,081</u>	<u>\$ 175,372</u>	<u>\$ 496,799</u>	<u>\$ 265,193</u>	<u>\$ 2,330,494</u>	<u>\$ 103,140</u>	<u>\$ 764,378</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ 39,142	\$ 3,230	\$ 835	\$	\$ 18,295	\$ 124,696	\$	\$ 51,095
Unearned revenue					18,845			206,431
Total liabilities	<u>39,142</u>	<u>3,230</u>	<u>835</u>	<u>-</u>	<u>37,140</u>	<u>124,696</u>	<u>-</u>	<u>257,526</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments						233,483		
Unavailable revenue - loans receivable								
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,483</u>	<u>-</u>	<u>-</u>
Fund Balance:								
Nonspendable								
Restricted	1,312,142						103,140	
Committed		86,851	174,537	496,799	228,053	1,972,315		506,852
Total fund balance	<u>1,312,142</u>	<u>86,851</u>	<u>174,537</u>	<u>496,799</u>	<u>228,053</u>	<u>1,972,315</u>	<u>103,140</u>	<u>506,852</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,351,284</u>	<u>\$ 90,081</u>	<u>\$ 175,372</u>	<u>\$ 496,799</u>	<u>\$ 265,193</u>	<u>\$ 2,330,494</u>	<u>\$ 103,140</u>	<u>\$ 764,378</u>

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**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2019**

	Permanent Fund						Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 226,511	\$ 4,346	\$ 5,375	\$ 35,835	\$ 62,470	\$ 334,537	\$ 10,049,527
Investment						-	696,603
Accounts receivable						-	731,288
Intergovernmental receivable						-	821,308
Due from other funds						-	96,002
Inventory						-	16,717
Total Assets	<u>\$ 226,511</u>	<u>\$ 4,346</u>	<u>\$ 5,375</u>	<u>\$ 35,835</u>	<u>\$ 62,470</u>	<u>\$ 334,537</u>	<u>\$ 12,411,445</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$	\$	\$	\$	\$	\$ -	\$ 1,014,602
Unearned revenue						-	523,636
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,538,238</u>
Deferred Inflows of Resources:							
Unavailable revenue - special assessments						-	239,626
Unavailable revenue - loans receivable						-	292,044
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,670</u>
Fund Balance:							
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420	117,137
Restricted	225,011	346	375	5,835	2,550	234,117	5,293,149
Committed						-	4,931,251
Total fund balance	<u>226,511</u>	<u>4,346</u>	<u>5,375</u>	<u>35,835</u>	<u>62,470</u>	<u>334,537</u>	<u>10,341,537</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 226,511</u>	<u>\$ 4,346</u>	<u>\$ 5,375</u>	<u>\$ 35,835</u>	<u>\$ 62,470</u>	<u>\$ 334,537</u>	<u>\$ 12,411,445</u>



**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	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				3,012,139	620,037			774,590	394,081	
Sales and services		58,375	472,987							427,356
Investment income		10	5,874				282	39,104		17,130
Other					36,376	13,883				44,540
Sale of food					577,595					
Total revenues	-	58,385	478,861	3,012,139	1,234,008	13,883	282	813,694	394,081	489,026
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway								395,461		
Parks, recreation and libraries										483,815
Health and human services									394,081	
Education		52,813	360,794	2,925,445	1,203,113	14,156				
Total expenditures	-	52,813	360,794	2,925,445	1,203,113	14,156	-	395,461	394,081	483,815
Excess (Deficiency) of Revenues over Expenditures	-	5,572	118,067	86,694	30,895	(273)	282	418,233	-	5,211
Other Financing Sources (Uses):										
Transfers in					40,863					
Transfers out										
Net Change in Fund Balances	-	5,572	118,067	86,694	71,758	(273)	282	418,233	-	5,211
Fund Balances at Beginning of Year	10,643	34,696	570,850	857,180	82,660	594	142,934	2,138,427	-	582,783
Fund Balances at End of Year	\$ 10,643	\$ 40,268	\$ 688,917	\$ 943,874	\$ 154,418	\$ 321	\$ 143,216	\$ 2,556,660	\$ -	\$ 587,994

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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, 2019**

	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	\$	\$	\$	\$	\$	\$ 2,660,600	\$	\$	\$ 2,660,600
Intergovernmental revenues	439,536		974		130,813	218,077		34,036	5,624,283
Sales and services	9,270				82,156	731,011		596,050	2,377,205
Investment income	4,532	1,330	8,799	9,631	1,455	19,800			107,947
Other	222,588	38,908	15,429	7,651	10,737	569			390,681
Sale of food									577,595
Total revenues	675,926	40,238	25,202	17,282	225,161	3,630,057	-	630,086	11,738,311
Expenditures:									
Current:									
General government	6,500								6,500
Public safety	333,549				320,665				654,214
Public works and highway	2,526					2,941,749			3,339,736
Parks, recreation and libraries			13,082						496,897
Health and human services	253,337	59,165		4,885				1,449,189	2,160,657
Education									4,556,321
Total expenditures	595,912	59,165	13,082	4,885	320,665	2,941,749	-	1,449,189	11,214,325
Excess (Deficiency) of Revenues over Expenditures	80,014	(18,927)	12,120	12,397	(95,504)	688,308	-	(819,103)	523,986
Other Financing Sources (Uses):									
Transfers in					109,442	600,000		1,011,657	1,761,962
Transfers out						(1,123,814)			(1,123,814)
Net Change in Fund Balances	80,014	(18,927)	12,120	12,397	13,938	164,494	-	192,554	1,162,134
Fund Balances at Beginning of Year	1,232,128	105,778	162,417	484,402	214,115	1,807,821	103,140	314,298	8,844,866
Fund Balances at End of Year	\$ 1,312,142	\$ 86,851	\$ 174,537	\$ 496,799	\$ 228,053	\$ 1,972,315	\$ 103,140	\$ 506,852	\$ 10,007,000

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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, 2019**

	Permanent Fund					
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total Nonmajor Governmental Funds
Revenues:						
Assessment income	\$	\$	\$	\$	\$	\$ 2,660,600
Intergovernmental revenues						5,624,283
Sales and services						2,377,205
Investment income	(10,776)	93	126	841	1,439	99,670
Other						390,681
Sale of food						577,595
Total revenues	<u>(10,776)</u>	<u>93</u>	<u>126</u>	<u>841</u>	<u>1,439</u>	<u>11,730,034</u>
Expenditures:						
Current:						
General government						6,500
Public safety						654,214
Public works and highway						3,339,736
Parks, recreation and libraries						496,897
Health and human services	175					2,160,832
Education				250		4,556,571
Total expenditures	<u>175</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>11,214,750</u>
Excess (Deficiency) of Revenues over Expenditures	(10,951)	93	126	591	1,439	515,284
Other Financing Sources (Uses):						
Transfers in						1,761,962
Transfers out						(1,123,814)
Net Change in Fund Balances	(10,951)	93	126	591	1,439	1,153,432
Fund Balances at Beginning of Year	<u>237,462</u>	<u>4,253</u>	<u>5,249</u>	<u>35,244</u>	<u>61,031</u>	<u>9,188,105</u>
Fund Balances at End of Year	<u>\$ 226,511</u>	<u>\$ 4,346</u>	<u>\$ 5,375</u>	<u>\$ 35,835</u>	<u>\$ 62,470</u>	<u>\$ 10,341,537</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 14,105,197	\$ 4,976,631	\$ 1,782,071	\$ 20,863,899
Accounts receivable	331,565			331,565
Prepaid expenses		80,000	20,000	100,000
Total assets	<u>14,436,762</u>	<u>5,056,631</u>	<u>1,802,071</u>	<u>21,295,464</u>
Liabilities:				
Accounts payable	188	25,465	9,333	34,986
Claims incurred not reported	<u>1,059,000</u>	<u>3,366,297</u>	<u>1,457,193</u>	<u>5,882,490</u>
Total liabilities	<u>1,059,188</u>	<u>3,391,762</u>	<u>1,466,526</u>	<u>5,917,476</u>
Net Position:				
Unrestricted	<u>\$ 13,377,574</u>	<u>\$ 1,664,869</u>	<u>\$ 335,545</u>	<u>\$ 15,377,988</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Medical Fund</b>	<b>Workers' Compensation Revenues</b>	<b>Heart and Hypertension Fund</b>	<b>Total</b>
Operating Revenues:				
Contributions for benefits	\$ 15,100,114	\$ 1,401,444	\$ 275,000	\$ 16,776,558
Others	359,331	82,170		441,501
Total operating revenues	<u>15,459,445</u>	<u>1,483,614</u>	<u>275,000</u>	<u>17,218,059</u>
Operating Expenses:				
Benefit claims	16,845,155	2,261,659	279,900	19,386,714
Claims administration	1,800,516	72,681		1,873,197
Total operating expenses	<u>18,645,671</u>	<u>2,334,340</u>	<u>279,900</u>	<u>21,259,911</u>
Operating Loss	(3,186,226)	(850,726)	(4,900)	(4,041,852)
Nonoperating Income - Interest Income	<u>386,995</u>	<u>80,267</u>	<u>34,105</u>	<u>501,367</u>
Change in Net Position	(2,799,231)	(770,459)	29,205	(3,540,485)
Net Position at Beginning of Year	<u>16,176,805</u>	<u>2,435,328</u>	<u>306,340</u>	<u>18,918,473</u>
Net Position at End of Year	<u>\$ 13,377,574</u>	<u>\$ 1,664,869</u>	<u>\$ 335,545</u>	<u>\$ 15,377,988</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<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	\$ 15,727,033	\$ 1,483,614	\$ 275,000	\$ 17,485,647
Cash paid for benefits and administration	<u>(18,759,899)</u>	<u>(720,678)</u>	<u>(165,123)</u>	<u>(19,645,700)</u>
Net cash provided by (used in) operating activities	(3,032,866)	762,936	109,877	(2,160,053)
Cash Flows from Investing Activities:				
Interest income	<u>386,995</u>	<u>80,267</u>	<u>34,105</u>	<u>501,367</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,645,871)	843,203	143,982	(1,658,686)
Cash and Cash Equivalents at Beginning of Year	<u>16,751,068</u>	<u>4,133,428</u>	<u>1,638,089</u>	<u>22,522,585</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,105,197</u>	<u>\$ 4,976,631</u>	<u>\$ 1,782,071</u>	<u>\$ 20,863,899</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (3,186,226)	\$ (850,726)	\$ (4,900)	\$ (4,041,852)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	267,588			267,588
Increase (decrease) in payables	<u>(114,228)</u>	<u>1,613,662</u>	<u>114,777</u>	<u>1,614,211</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (3,032,866)</u>	<u>\$ 762,936</u>	<u>\$ 109,877</u>	<u>\$ (2,160,053)</u>

**TOWN OF BRANFORD, CONNECTICUT  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2019**

	<b>Pension Trust Funds</b>	<b>Retiree Benefits Trust Fund</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 995,831	\$ 6,183,829	\$ 7,179,660
Investments	25,057,715	17,311,304	42,369,019
Accounts receivable	886,740		886,740
Total assets	26,940,286	23,495,133	50,435,419
Liabilities:			
Accounts payable		6,553	6,553
Net Position:			
Held in Trust for Pension or Retiree Benefits	\$ <u>26,940,286</u>	\$ <u>23,488,580</u>	\$ <u>50,428,866</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, 2019**

	<b>Pension Trust Funds</b>	<b>Retiree Benefits Trust Fund</b>	<b>Total</b>
Additions:			
Contributions:			
Employer	\$ 1,576,164	\$ 8,141,374	\$ 9,717,538
Plan members	1,129,960		1,129,960
Other		51,480	51,480
Total contributions	<u>2,706,124</u>	<u>8,192,854</u>	<u>10,898,978</u>
Net investment income	<u>1,256,922</u>	<u>841,537</u>	<u>2,098,459</u>
Total additions	3,963,046	9,034,391	12,997,437
Deductions:			
Benefits	<u>1,782,304</u>	<u>1,652,303</u>	<u>3,434,607</u>
Change in Net Position	2,180,742	7,382,088	9,562,830
Net Position at Beginning of Year	<u>24,759,544</u>	<u>16,106,492</u>	<u>40,866,036</u>
Net Position at End of Year	<u>\$ 26,940,286</u>	<u>\$ 23,488,580</u>	<u>\$ 50,428,866</u>



**TOWN OF BRANFORD, CONNECTICUT**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Branford Conservation Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,619</u>	\$ <u>38</u>	\$ <u>-</u>	\$ <u>1,657</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,619</u>	\$ <u>38</u>	\$ <u>-</u>	\$ <u>1,657</u>
<b>Shellfish Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>242,751</u>	\$ <u>18,898</u>	\$ <u>3,275</u>	\$ <u>258,374</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>242,751</u>	\$ <u>18,898</u>	\$ <u>3,275</u>	\$ <u>258,374</u>
<b>Academy-On-The-Green</b>				
Assets:				
Cash and cash equivalents	\$ <u>19,964</u>	\$ <u>623</u>	\$ <u>256</u>	\$ <u>20,331</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>19,964</u>	\$ <u>623</u>	\$ <u>256</u>	\$ <u>20,331</u>
<b>Branford Medical Transit</b>				
Assets:				
Cash and cash equivalents	\$ <u>68,100</u>	\$ <u>13,467</u>	\$ <u>3,480</u>	\$ <u>78,087</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>68,100</u>	\$ <u>13,467</u>	\$ <u>3,480</u>	\$ <u>78,087</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, 2019**

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
<b>Commission on Services For the Elderly</b>				
Assets:				
Cash and cash equivalents	\$ <u>184,809</u>	\$ <u>65,501</u>	\$ <u>49,648</u>	\$ <u>200,662</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>184,809</u>	\$ <u>65,501</u>	\$ <u>49,648</u>	\$ <u>200,662</u>
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>622,181</u>	\$ <u>1,344,944</u>	\$ <u>1,367,493</u>	\$ <u>599,632</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>622,181</u>	\$ <u>1,344,944</u>	\$ <u>1,367,493</u>	\$ <u>599,632</u>
<b>Fireworks Committee</b>				
Assets:				
Cash and cash equivalents	\$ <u>8,054</u>	\$ <u>22,963</u>	\$ <u>25,000</u>	\$ <u>6,017</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>8,054</u>	\$ <u>22,963</u>	\$ <u>25,000</u>	\$ <u>6,017</u>
<b>Developer Bond Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>607,882</u>	\$ <u>105,646</u>	\$ <u>13,702</u>	\$ <u>699,826</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>607,882</u>	\$ <u>105,646</u>	\$ <u>13,702</u>	\$ <u>699,826</u>
<b>Shoreline Crimes Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,500</u>	\$ <u>10,650</u>	\$ <u>10,159</u>	\$ <u>1,991</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,500</u>	\$ <u>10,650</u>	\$ <u>10,159</u>	\$ <u>1,991</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, 2019**

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,756,860</u>	\$ <u>1,582,730</u>	\$ <u>1,473,013</u>	\$ <u>1,866,577</u>
Total Assets	\$ <u>1,756,860</u>	\$ <u>1,582,730</u>	\$ <u>1,473,013</u>	\$ <u>1,866,577</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,756,860</u>	\$ <u>1,582,730</u>	\$ <u>1,473,013</u>	\$ <u>1,866,577</u>
Total Liabilities	\$ <u>1,756,860</u>	\$ <u>1,582,730</u>	\$ <u>1,473,013</u>	\$ <u>1,866,577</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2019**

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2018	\$ 101,407
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	<u>1,546</u>
Base	<u><u>\$ 102,953</u></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	\$ 231,644	\$	\$	\$	\$
4-1/2 times base		463,289			
3-3/4 times base			386,074		
3-1/4 times base				334,597	
3 times base					308,859
Total debt limitation	<u>231,644</u>	<u>463,289</u>	<u>386,074</u>	<u>334,597</u>	<u>308,859</u>
Indebtedness:					
Bonds payable	19,643	21,502	8,330		
Bonds authorized and unissued	<u>9,115</u>	<u>71,600</u>	<u>100</u>		
Total indebtedness	<u>28,758</u>	<u>93,102</u>	<u>8,430</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 202,886</u></u>	<u><u>\$ 370,187</u></u>	<u><u>\$ 377,644</u></u>	<u><u>\$ 334,597</u></u>	<u><u>\$ 308,859</u></u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$720,671.

## APPENDIX B - FORM OF OPINION OF BOND COUNSEL AND TAX MATTERS

# JOSEPH FASI LLC

56 ARBOR STREET, SUITE 418  
HARTFORD, CONNECTICUT 06106

A T T O R N E Y S   A T   L A W

TELEPHONE (860)296-0510  
FACSIMILE (860)296-0541

### **FORM OF OPINION OF BOND COUNSEL**

Town of Branford  
Branford, Connecticut

Ladies and Gentlemen:

We have represented the Town of Branford, Connecticut as bond counsel with respect to the issuance and sale of \$13,105,000 Town of Branford, Connecticut General Obligation Bonds, Issue of 2020, bearing a Dated Date and an Original Issue Date of July 2, 2020 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated July 2, 2020 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The bonds are subject to redemption prior to maturity as therein provided. The bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the bonds, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the bonds are valid and binding general obligations of the Town of Branford payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the bonds in order that interest on the bonds not be included in gross income under Section 103 of the Code. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the bonds shall not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the bonds is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax. We express no opinion regarding any other Federal tax consequences of ownership or disposition of, or receipt of interest on, the bonds.

In rendering the foregoing opinions regarding the Federal income tax treatment of interest on the bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) continuing compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. We express no opinion regarding any other State tax consequences of ownership or disposition of, or receipt of interest on, the bonds.

The rights of owners of the bonds and the enforceability of the bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully yours,

JOSEPH FASI LLC

## **TAX MATTERS**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds in order that interest on the Bonds not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds.

Bond Counsel expresses no opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on the Bonds.

### **Additional Tax Matters**

The following is a brief discussion of certain additional tax matters associated with purchase and ownership of the Bonds. Bond Counsel's opinion does not address these issues (see opinion above) and prospective purchasers are advised to consult their own tax advisors regarding federal and state consequences of ownership and disposition of the Bonds.

Ownership of tax exempt obligations such as the Bonds may result in certain collateral Federal tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Bonds.

### **Original Issue Discount and Premium**

The following is a general discussion of Original Issue Discount and Premium and not an opinion of Bond Counsel. Prospective investors are advised to consult their own tax advisors regarding original issue discount and original issue premium in connection with their ownership and disposition of the Bonds.

The initial public offering prices of certain maturities of the Bonds (the "OID Bonds") may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount ("OID"). Based solely on information provided by the Underwriters, the offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, however, under the Code, for purposes of determining an owner's adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner's basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner's adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond.

Prospective purchasers of OID Bonds, including those not purchasing a Bond at its initial public offering, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the federal, state and local tax consequences of owning or disposing of such OID Bonds.

### **Original Issue Premium**

The initial public offering prices of certain maturities of the Bonds (the "OIP Bonds") may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner's basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal, state and local income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

### **FUTURE EVENTS**

The Federal and State tax treatment of municipal bonds is determined by Federal, State and local legislation, administrative pronouncements and court decisions. For example, The Tax Cut and Jobs Act, H.R.1, signed by the President on December 22, 2017, eliminated the alternative minimum tax on corporations for tax years beginning January 1, 2018, and changed individual and corporate tax rates and deductions. These changes to Federal tax law may also change the benefit of tax exempt bond ownership. Such Federal legislative proposals are continually being proposed and introduced into Congress which, if enacted, would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment, including limiting the exclusion from gross income on tax exempt bonds for higher income taxpayers. The enactment of such proposals may adversely affect the tax treatment of: the interest paid on the Bonds, their sale or disposition, market price, marketability, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur or that they will not be made retroactive. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchases and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.



## APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

### CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of July 2, 2020

In Connection With The Issuance And Sale Of

\$13,105,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2020,

Dated July 2, 2020

WHEREAS, the Town of Branford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$13,105,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2020 (the "Bonds") to be dated July 2, 2020 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with Rule 15c2-12.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

2) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in 1) above:

- (a) the amounts of the gross and net taxable grand list;
- (b) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (c) the percentage or amount of the annual property tax levy collected and uncollected;
- (d) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (e) a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
- (f) the direct debt and overall net debt of the Issuer per capita;
- (g) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;
- (h) a statement of statutory debt limitations and debt margins;
- (i) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(A) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- a) principal and interest payment delinquencies;
- b) non-payment related defaults, if material;
- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;
- e) substitution of credit or liquidity providers, or their failure to perform;
- f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- g) modifications to rights of security holders, if material;
- h) bond calls, if material, and tender offers;
- i) defeasances;
- j) release, substitution or sale of property securing repayment of the securities, if material;
- k) rating changes;
- l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o) incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders, if material;
- p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**[Signature Page Follows]**

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of July 2, 2020

In Connection With The Issuance And Sale Of

\$13,105,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2020,

Dated July 2, 2020

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF BRANFORD, CONNECTICUT

By \_\_\_\_\_  
James B. Cosgrove  
First Selectman

By \_\_\_\_\_  
Kurt M. Schwanfelder  
Town Treasurer

By \_\_\_\_\_  
James P. Finch, Jr.  
Finance Director

Municipal Advisory Services  
Provided By

