

Official Statement Dated October 10, 2019

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

\$45,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2019

BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: October 15, 2022-2039

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 April 15 and October 15 in each year until maturity, commencing April 15, 2020. 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 and Paying Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

MATURITY SCHEDULE AND AMOUNTS

Maturity	Amount	Interest Rate	Yield	CUSIP (1)	Maturity	Amount	Interest Rate	Yield	CUSIP (1)
2022	\$1,850,000	5.000%	0.960%	105385XT0	2031	\$2,750,000	2.250%	2.200%*	105385YC6
2023	1,850,000	5.000	0.950	105385XU7	2032	2,750,000	2.250	2.270	105385YD4
2024	2,750,000	5.000	0.990	105385XV5	2033	2,750,000	2.250	2.320	105385YE2
2025	2,750,000	2.000	1.380*	105385XW3	2034	2,750,000	2.250	2.370	105385YF9
2026	2,750,000	2.000	1.480*	105385XX1	2035	2,750,000	2.375	2.430	105385YG7
2027	2,750,000	2.000	1.850*	105385XY9	2036	2,650,000	2.375	2.480	105385YH5
2028	2,750,000	2.000	1.950*	105385XZ6	2037	2,650,000	2.500	2.530	105385YJ1
2029	2,750,000	2.000	2.050	105385YA0	2038	1,500,000	2.500	2.580	105385YK8
2030	2,750,000	2.125	2.150	105385YB8	2039	1,500,000	2.625	2.630	105385YL6

* - Yield assuming redemption on October 15, 2024 however any such redemption is at the option of the Town. (See "Optional Redemption" herein).

Mesirow Financial

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 October 24, 2019.

- (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.

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BOND SALE SUMMARY

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

Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Date of Sale:	Thursday, October 10, 2019, at 11:00 A.M. (E.D.T).
Location of Sale:	Office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405.
Issuer:	Town of Branford, Connecticut (the "Town").
Issue:	\$45,000,000 General Obligation Bonds, Issue of 2019.
Dated Date:	October 24, 2019.
Interest Due:	April 15 and October 15 in each year of maturity, commencing April 15, 2020.
Principal Due:	Serially October 15, 2022 - 2039.
Purpose and Authority:	The Bonds are being issued to finance various projects undertaken by the Town. (See "Authorization and Purpose of the Bonds" herein).
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. (See "Security and Remedies" herein).
Credit rating:	The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The rating on the Town's other outstanding bonds are "AAA" by S&P. (See "Ratings" herein).
Basis for Award:	Lowest True Interest Cost ("TIC") as of the dated date.
Tax Exemption:	See Appendix B, "Form of Opinion of Bond Counsel and Tax Exemption".
Continuing Disclosure:	See Appendix C, "Form of Continuing Disclosure Agreement".
Bank Qualification:	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.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association of Hartford, Connecticut.
Legal Opinion:	Joseph Fasi LLC of Hartford, Connecticut is Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made to the Depository Trust Company via "FAST" on or about October 24, 2019, against payment in Federal Funds.
Issuer Official:	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.

SECTION I - SECURITIES OFFERED

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 \$45,000,000 General Obligation Bonds, Issue of 2019 (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 April 15, 2020 and on April 15 and October 15 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 owner of the Bonds as of the close of business on the last business day of March and September in each year. 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 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 Exemption" 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 October 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2025, and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after October 15, 2024, 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>
October 15, 2024 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 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 Bonds will be used as follows:

Projects	Amount of Total Authorization*	Previously Bonded	BANs Outstanding	Additions (Reductions)	The Bonds (This Issue)
Community Center Renovations Project	\$ 12,115,000	\$ 8,265,000	\$ -	\$ 3,850,000	\$ 3,850,000
Walsh Intermediate School Renovation	88,200,000	16,600,000	-	39,000,000	39,000,000
Blackstone Library	5,245,000	-	-	2,150,000	2,150,000
Total	<u>\$105,560,000</u>	<u>\$24,865,000</u>	<u>\$ -</u>	<u>\$45,000,000</u>	<u>\$45,000,000</u>

* The Town reserves the right to reallocate proceeds among its bond authorized projects to meet its capital cash flow needs.

Ratings

The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The ratings on the Town's other outstanding bonds are "AAA" by S&P. Such ratings reflect 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 ratings 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 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.

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

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.

Book-Entry 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 the users of 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.

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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SECTION 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, Sovereign Bank, Liberty Bank, Guilford Savings Bank, United Shoreline 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, currently at 3.7%. 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 the 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 Rte. 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 sq. ft. 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 sf 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 sq. ft. 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 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 sf facility, and has plans for further expansion underway. Germany based Bausch + Strobel, is finalizing approvals and plans to construct a new, over 75,000 sq. ft. 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 sf 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 a boutique hotel on the Branford River. The property has been acquired and planning & zoning approvals have been secured, with construction expected to begin late in 2019 or early 2020.

Commercial and industrial investments of a more general nature include a new 33,000 sq. ft. 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 sq. ft. 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 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 19th century school building and historical landmark that graces the south corner of the 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 21st 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 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 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</u>	<u>Years of Service</u>
James B. Cosgrove - First Selectman	Elected	11/19	5.5
Joseph E. Higgins, Jr. - Selectman	Elected	11/19	5.5
Jack Ahem - Selectman	Elected	11/19	3.5
Lisa E. Arpin - Town Clerk	Elected	1/20	4.5
Roberta Gill-Brooks - Tax Collector	Elected	11/19	2.5
Michael T. Nardella - Town Treasurer	Elected	11/17	4.5
William A. Aniskovich - Town Attorney	Appointed	Indefinite	5.5
Joseph Mooney - Board of Finance Chairman	Appointed	7/31/2019	27.0
Barbara Neal - Assessor	Appointed	Indefinite	18.0
Hamlet M. Hernandez - Superintendent of Schools	Appointed	Indefinite	9.0
James P. Finch, Jr. - Finance Director	Appointed	Indefinite	21.0
Blum, Sharpiro & Company, PC - Independent Auditor	Appointed	Indefinite	23.0
Hilltop Securities Inc. - Municipal Advisor (1)	Appointed	Indefinite	24.0

(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. 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 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 PD 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 dollar 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 sqft satellite station, partially funded by a \$500,000.00 State "Small Town Economic Assistance Program" ("STEAP") grant, is currently underway in the Indian Neck section of town. Slated for completion in November 2019, 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, Pisgah 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. The Town is a member of the Bristol Resource Recovery Facility Operating Committee, aka Bristol Facility Policy Board ("Policy Board"). Under a long term Municipal Solid Waste Disposal and Recycling Services Agreement ("Agreement") between the Town and Covanta Bristol, Inc. ("Covanta") executed in January 2013, Covanta is responsible for disposal of municipal solid waste. 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.

Under an Inter-Community Agreement dated August 15, 1985 (the "Inter-Community Agreement"), eleven Connecticut municipalities (the City of Bristol, the Town of Berlin, the Town of Burlington, the City of New Britain, the Town of Plainville, the Town of Plymouth, the Town of Prospect, the Town of Southington, the Town of Washington, the Town of Wolcott and the Town of Warren) formed an Operating Committee, the Bristol Resource Recovery Facility Operating Committee (the "BRRFOC"), authorized by statute to exercise certain rights on the communities' (the "Contracting Communities") behalf in dealing with the Facility. Subsequent to the execution of the Inter-Community Agreement, Branford and the Towns of Seymour and Hartland also became Contracting Communities. In July 2014, the BRRFOC also assumed primary responsibility for operations of the newly formed Policy Board, which consists of town officials appointed by each of the Contracting Communities and assumes responsibility for management decisions on behalf of the member communities, primarily related to the Agreement by and among the fourteen Municipalities and Covanta. Some of these Municipalities also rely upon services provided by BRRFOC management with respect to managing recyclables, household hazardous waste, electronics, and special projects associated with local environmental issues.

Covanta (formerly Ogden-Martin Systems of Bristol, Inc.) operates the Bristol Resource Recovery Facility, originally permitted as a 650-ton per day mass burn solid waste disposal, electric power generation and resource recovery facility at 170 Enterprise Drive in Bristol, Connecticut, and the Southeastern Connecticut Resource Recovery Facility, a similarly sized facility located at 132 Military Highway in Preston, Connecticut. Covanta is a subsidiary of Covanta Energy Corporation, a Delaware Corporation (New York Stock Exchange – CVA). Both facilities accept and dispose of the Town's municipal solid waste, and deliveries to either facility are accounted for as part of the contractual Annual Minimum Commitment.

Under the Agreement, Covanta is obligated to accept and dispose of Acceptable Solid Waste generated within the boundaries of the Municipality, using the Bristol Facility or Designated Facility. The Contracting Communities have agreed to make all reasonable efforts to deliver all Acceptable Solid Waste generated within their respective boundaries to the Facility in each Contract Year up to the sum total of the individual Municipality's Annual Original Minimum Commitment of 93,000 tons of Acceptable Waste.

If the Bristol Facility is temporarily unable to receive and process Acceptable Waste, the Company is obligated to provide waste disposal services at a Designated Facility. In such circumstances, the Electrical Revenue Share allocated to the Town may decrease (for Fiscal Year 2017, this was reflected as a credit of approximately \$20,900).

The Town also operates a leaf compost site, and owns a bulky waste landfill which was certified as closed in August 2015. The Town provides collection of garbage and recyclables for single family homes through a private hauler. Rebates toward garbage and recycling collection costs are provided for condominium associations.

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, 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 \$13,303,026 on the Grand List of 10/01/18, generating a PILOT payment of \$380,905 for fiscal year 2019-20.

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

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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 10/01/18	Capacity
Indian Neck	EYP (1)	1950		8	25	200
Mary T. Murphy	PreK-4 (2)	1960	1991	24	398	500
Mary R. Tisko	K-4 (2)	1960	1991	24	365	500
John B. Sliney	PreK-4 (2)	1928	1979	19	303	500
Walsh Intermediate (3)	5-8	1972		63	869	1,500
Branford High School	9-12	1958	1964, 1970, 1982, 1995, 1999	88	868	1,400
Total				226	2,828	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

Actual				
As of October 1	PreK-4	5 - 8	9 - 12	Total (1)
2009	1,280	1,113	1,109	3,502
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
Projected				
2019	1,100	903	885	2,888
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 (1)

<u>Fiscal Year</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government (1)	229	221	219	218	218	218
Board of Education (2)	<u>539</u>	<u>534</u>	<u>540</u>	<u>540</u>	<u>540</u>	<u>544</u>
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

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

(1) Budgeted positions.

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

Source: Town Officials.

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Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
<u>GENERAL GOVERNMENT</u> ⁽¹⁾			
Dispatchers	Connecticut Organization for Public Safety	10	6/30/2017 (2)
Municipal	United Public Services Employees Union	23	6/30/2019 (2)
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	6/30/2019 (2)
Public Works	United Public Services Employees Union	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	
<u>BOARD OF EDUCATION</u> ⁽³⁾			
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	6/30/2019 (2)
	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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SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

Year	Town of Branford	New Haven County	State of Connecticut
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
2017	28,149	862,127	3,594,478

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

Age Characteristics of Population

	Town of Branford	New Haven County	State of Connecticut
Under 5 years of age	1,147	45,072	186,188
5 - 9 years of age	938	48,166	206,536
10 - 14 years of age	1,579	52,383	225,831
15 - 19 years of age	1,490	60,135	249,777
20 - 24 years of age	1,435	60,592	245,849
25 - 34 years of age	3,719	113,497	439,239
35 - 44 years of age	2,867	102,711	433,401
45 - 54 years of age	4,366	123,605	535,611
55 - 59 years of age	2,388	61,055	266,501
60 - 64 years of age	2,176	55,377	229,788
65 - 74 years of age	3,301	76,703	318,515
75 - 84 years of age	1,567	40,092	167,133
Over 85 years of age	1,176	22,739	90,109
Total	28,149	862,127	3,594,478

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2017)	(2000)	(2017)
Town of Branford	\$ 69,510	\$100,241	\$ 32,301	\$ 47,070
New Haven County	60,549	86,674	24,439	35,085
Connecticut	65,521	93,800	28,766	41,365
United States	49,600	70,850	21,690	31,177

Source: U.S. Census Bureau, Census 2000 and American Community Survey, 2013-2017.

Income Distribution

	Town of Branford		New Haven County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	104	1.4	7,694	3.7	27,787	3.1
10,000 to 14,999	35	0.5	4,631	2.3	16,143	1.8
15,000 to 24,999	444	6.1	10,789	5.3	41,072	4.6
25,000 to 34,999	272	3.7	13,076	6.4	52,218	5.8
35,000 to 49,999	682	9.3	20,571	10.0	82,371	9.2
50,000 to 74,999	1,084	14.8	33,372	16.3	134,356	15.0
75,000 to 99,999	1,025	14.0	28,110	13.7	122,244	13.6
100,000 to 149,999	1,603	21.9	42,643	20.8	186,352	20.8
150,000 to 199,999	951	13.0	22,378	10.9	100,359	11.2
200,000 or more	1,125	15.4	21,976	10.7	132,765	14.8
Total	7,325	100.0	205,240	100.0	895,667	100.0

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

Educational Attainment

Years of School Completed, Age 25 & Over

	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	412	1.9	23,908	4.0	104,623	4.2
9th to 12th grade	816	3.8	35,983	6.0	137,877	5.6
High School Graduate	5,785	26.8	182,609	30.7	673,582	27.2
Some College	3,866	17.9	103,056	17.3	422,535	17.0
Associate Degree	1,442	6.7	43,845	7.4	188,481	7.6
Bachelor Degree	4,815	22.3	111,795	18.8	532,055	21.5
Graduate or Professional Degree	4,424	20.5	94,583	15.9	421,144	17.0
Total	21,560	100.0	595,779	100.0	2,480,297	100.0

Total high school graduate or higher (%)

94.3%

89.9%

90.2%

Total bachelor degree or higher (%)

42.9%

34.6%

38.4%

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

Employment by Industry

Employment Sector	Town of Branford		New Haven County		State of Connecticut	
	Number	%	Number	%	Number	%
Agriculture, Forestry, Fishing, Hunting & Mining	31	0.2	983	0.2	7,166	0.4
Construction	638	4.2	22,664	5.3	104,122	5.8
Manufacturing	1,488	9.8	46,588	11.0	191,519	10.6
Wholesale Trade	633	4.2	11,988	2.8	44,741	2.5
Retail Trade	1,786	11.7	46,409	10.9	193,016	10.7
Transportation, Warehousing & Utilities	607	4.0	17,016	4.0	68,926	3.8
Information	388	2.5	9,303	2.2	42,200	2.3
Finance, Insurance & Real Estate	900	5.9	27,055	6.4	163,810	9.1
Professional, Scientific & Management	1,704	11.2	41,830	9.8	208,130	11.5
Educational Services & Health Care	4,659	30.6	133,289	31.3	478,083	26.5
Arts, Entertainment, Recreation & Food Services	1,004	6.6	32,432	7.6	153,679	8.5
Other Service (including nonprofit)	688	4.5	19,015	4.5	82,538	4.6
Public Administration	715	4.7	16,657	3.9	67,156	3.7
Total	15,241	100.0	425,229	100.0	1,805,086	100.0

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

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.

Unemployment Rate Statistics

Yearly Average	Town of Branford %	New Haven Labor Market %	State of Connecticut %	United States %
2009	6.6	8.3	8.3	9.3
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 Monthly				
January	4.5	4.6	4.7	4.4
February	4.0	4.2	4.4	4.1
March	3.8	4.0	4.2	3.9
April	3.1	3.1	3.3	3.3
May	3.3	3.5	3.6	3.4
June	3.4	3.8	3.9	3.8
July	3.1	3.6	3.6	4.0
August	3.1	3.5	3.6	3.8

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

Number and Value of Building Permits

Calendar Year	Single & Two Family		Commercial/Industrial		Other Construction		Total	
	Number of Permits	Value	Number Permits	Value	Number Permits	Value	Number Permits	Value
2018	23	\$ 6,146,778	2	\$ 4,176,664	2,538	\$129,220,750 (1)	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 (2)	1,911	26,698,774	1,933	38,289,124
2010	26	7,934,257	4	2,572,680	2,010	24,639,616	2,040	35,146,553
2009	18	4,631,841	7	8,304,557	1,549	32,845,696	1,574	45,782,094

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

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

Source: Building Department, Town of Branford.

Characteristics of Housing Units

Value of Owner Occupied Units	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	300	3.6	5,785	3.4	24,038	2.7
50,000 to 99,999	154	1.8	9,891	5.7	29,789	3.3
100,000 to 149,999	446	5.3	23,376	13.6	83,320	9.2
150,000 to 199,999	1,072	12.7	3,551	2.1	141,024	15.6
200,000 to 299,999	2,281	27.1	57,859	33.6	244,356	26.9
300,000 to 499,999	2,604	30.9	53,450	31.1	236,671	26.1
500,000 to 999,999	1,170	13.9	15,760	9.2	106,192	11.7
1,000,000 and over	393	4.7	2,365	1.4	41,408	4.6
Total	8,420	100.0	172,037	100.0	906,798	100.0
Median Value	\$298,200		\$244,400		\$270,100	

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

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	2,796	20.3	95,119	26.0	338,011	22.4
1940 to 1949	717	5.2	25,512	7.0	104,251	6.9
1950 to 1959	1,535	11.1	55,307	15.1	225,763	15.0
1960 to 1969	1,627	11.8	45,578	12.5	205,463	13.6
1970 to 1979	2,103	15.3	46,791	12.8	200,217	13.3
1980 to 1989	2,936	21.3	45,763	12.5	191,939	12.7
1990 to 1999	1,055	7.7	26,297	7.2	114,261	7.6
2000 to 2009	720	5.2	20,771	5.7	105,131	7.0
2010 to 2013	170	1.2	3,312	0.9	17,308	1.1
2014 or later	114	0.8	1,096	0.3	5,367	0.4
Total	13,773	100.0	365,546	100.0	1,507,711	100.0

Source: U. S. Census Bureau, American Community Survey, 2013-2017.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of October 24, 2019 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2017	
(including interest and lien fees)	\$ 96,595,000
Coterminous Municipalities (1)	1,216,000
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	4,000
Base for Establishing Debt Limit (Thousands)	<u>\$ 97,815,000</u>

Debt Limit (2)

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$220,083,750					
(4.50 times base)		\$440,167,500				
(3.75 times base)			\$366,806,250			
(3.25 times base)				\$317,898,750		
(3.00 times base)					\$293,445,000	
(7.00 times base)						\$684,705,000

Indebtedness (Including the Bonds)

Bonds Payable	\$ 16,416,000	\$ 19,904,000	\$ 780,000	\$ -	\$ -	\$ 37,100,000
The Bonds (<i>This Issue</i>)	6,000,000	39,000,000	-	-	-	45,000,000
State of Connecticut Clean Water Fund Project Loan Obligation ("PLO") (3)	-	-	7,073,520	-	-	7,073,520
Authorized but Unissued Debt	8,815,000	26,527,344	4,075,000	-	-	39,417,344
Total Indebtedness	<u>31,231,000</u>	<u>85,431,344</u>	<u>11,928,520</u>	<u>-</u>	<u>-</u>	<u>128,590,864</u>
Less:						
School grants receivable (4)	-	(24,714,059)	-	-	-	(24,714,059)
Total Net Indebtedness	<u>31,231,000</u>	<u>60,717,285</u>	<u>11,928,520</u>	<u>-</u>	<u>-</u>	<u>103,876,805</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$188,852,750</u>	<u>\$379,450,215</u>	<u>\$354,877,730</u>	<u>\$317,898,750</u>	<u>\$293,445,000</u>	<u>\$580,828,195</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 October 24, 2019, 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) Under Connecticut General Statutes, total indebtedness for all classes cannot exceed seven times the base, or \$684,705,000.
- (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 \$7,073,520 is currently outstanding. (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 September 13, 2019, the Town has received \$6,072,656 in progress payments. (See "School Projects" herein).

Source: Town Officials

Calculation of Net Direct Indebtedness

As of October 24, 2019 (Pro Forma)

Long-Term Indebtedness (1)**Long Term Debt**

The Bonds (<i>This Issue</i>)	\$ 45,000,000
General Purpose	16,416,000
Schools	19,904,000
Sewers	780,000
State of Connecticut CWF Project Loan Obligation	7,073,520

Total Long-Term Indebtedness	89,173,520
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Short-Term Indebtedness

Notes Payable	-
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Total Direct Indebtedness	89,173,520
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Exclusions:

(School building grants receivable)	-
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Net Direct Indebtedness	\$ 89,173,520
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(1) Does not include authorized but unissued debt of \$39,417,344. (See "Authorized but Unissued Debt" herein).

Source: Town Officials.

Current Debt Ratios

As of October 24, 2019 (Pro Forma)

Total Direct Indebtedness	\$ 89,173,520
Total Net Direct Indebtedness	\$ 89,173,520
Population (1)	28,149
Net Taxable Grand List (10/1/18)	\$3,583,125,596
Estimated Full Value	\$5,118,750,851
Equalized Net Taxable Grand List (2017) (2)	\$5,433,604,019
Per Capita Income (2017) (1)	\$ 47,070

Total Direct Indebtedness:

Per Capita	\$3,167.91
To Net Taxable Grand List	2.49%
To Estimated Full Value	1.74%
To Equalized Net Taxable Grand List	1.64%
Per Capita to Per Capita Income	6.73%

Total Net Direct Indebtedness:

Per Capita	\$3,167.91
To Net Taxable Grand List	2.49%
To Estimated Full Value	1.74%
To Equalized Net Taxable Grand List	1.64%
Per Capita to Per Capita Income	6.73%

(1) U. S. Census Bureau, American Community Survey, 2013-2017.

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

Historical Debt Statement

	2018-19 (1)	2017-18	2016-17	2015-16	2014-15
Population (2)	28,149	28,149	28,149	28,149	28,149
Net taxable grand list	\$3,569,991,255	\$3,537,873,236	\$3,505,790,076	\$3,485,684,401	\$3,511,071,799
Estimated full value	\$5,099,987,507	\$5,054,104,623	\$5,008,271,537	\$4,979,549,144	\$5,015,816,856
Equalized net taxable grand list (3)	\$5,433,604,019	\$5,300,969,257	\$5,185,659,055	\$4,981,495,540	\$4,973,991,562
Per capita income (2)	\$ 47,070	\$ 47,070	\$ 47,070	\$ 47,070	\$ 47,070
Short-term debt	\$ -	\$ -	\$ 5,305,000	\$ -	\$ -
Long-term debt	\$ 49,474,973	\$ 38,086,596	\$ 29,988,115	\$ 37,001,892	\$ 43,956,023
Total Direct Indebtedness	\$ 49,474,973	\$ 38,086,596	\$ 35,293,115	\$ 37,001,892	\$ 43,956,023
Net Direct Indebtedness	\$ 49,474,973	\$ 37,749,716	\$ 35,115,084	\$ 36,520,104	\$ 43,333,816

(1) Unaudited estimates.

(2) U. S. Census Bureau, American Community Survey, 2013-2017.

(3) Office of Policy and Management, State of Connecticut, Grand List Year.

Historical Debt Ratios

	2018-19 (1)	2017-18	2016-17	2015-16	2014-15
Total Direct Indebtedness:					
Per capita	\$1,757.61	\$1,353.04	\$1,253.80	\$1,314.50	\$1,561.55
To net taxable grand list	1.39%	1.08%	1.01%	1.06%	1.25%
To estimated full value	0.97%	0.75%	0.70%	0.74%	0.88%
To equalized net taxable grand list	0.91%	0.72%	0.68%	0.74%	0.88%
Debt per capita to per capita income	3.73%	2.87%	2.66%	2.79%	3.32%
Net Direct Indebtedness:					
Per capita	\$1,757.61	\$1,341.07	\$1,247.47	\$1,297.39	\$1,539.44
To net taxable grand list	1.39%	1.07%	1.00%	1.05%	1.23%
To estimated full value	0.97%	0.75%	0.70%	0.73%	0.86%
To equalized net taxable grand list	0.91%	0.71%	0.68%	0.73%	0.87%
Debt per capita to per capita income	3.73%	2.85%	2.65%	2.76%	3.27%

(1) Unaudited estimates.

Outstanding Short-Term Indebtedness

The Town will have no outstanding short-term indebtedness as of October 24, 2019.

Capital Leases

The Town has no outstanding Lease Agreements as of October 24, 2019.

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 October 24, 2019. (See "Computation of Statutory Debt Limit" footnote (1) herein).

Clean Water Fund Program

The Town of Branford 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:

Project	Original 2% Loan Amount	Amount Outstanding As of October 24, 2019
CWF PLO 358-C	\$20,929,997	\$ 3,390,228
CWF PLO 138-CSL	6,163,287	2,550,061
CWF PLO 139-CSL	2,500,898	1,133,231
	<u>\$29,594,182</u>	<u>\$ 7,073,520</u>

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 1/20th (1/30th 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 1/15th 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 Projects

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.

Project	Amount of Total Authorization	Estimated Eligible Cost For Reimbursement	Reimbursement Rate (%)	Estimated Grant (1)
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.

Authorized but Unissued Debt

Projects	Original Amount Authorized	Revised Amount Authorized	Prior Financings	BANs Outstanding	Paydowns/ Grants	The Bonds (This Issue)	Authorized But Unissued
Community Center Renovations Project	\$ 500,000	\$ 12,115,000	\$ 8,265,000	\$ -	\$ -	\$ 3,850,000	\$ -
Pump Station Renovations	2,500,000	2,500,000	2,400,000	-	-	-	100,000
Main Street Gateway	3,300,000	3,300,000	275,000	-	-	-	3,025,000 (1)
Linden Avenue Stabilization	1,220,000	1,220,000	275,000	-	-	-	945,000 (2)
Walsh Intermediate School Project	88,200,000	88,200,000	16,600,000	-	6,072,656	39,000,000	26,527,344 (3)
Blackstone Library	5,245,000	5,245,000	-	-	-	2,150,000	3,095,000 (4)
Sewer System Improvements	3,975,000	3,975,000	-	-	-	-	3,975,000
East Industrial Road Reconstruction	1,750,000	1,750,000	-	-	-	-	1,750,000
Total	\$106,690,000	\$118,305,000	\$ 27,815,000	\$ -	\$ 6,072,656	\$45,000,000	\$ 39,417,344

(1) \$3,000,000 of State grants expected.

(2) \$915,000 of State grants expected.

(3) 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 September 13, 2019, the Town has received \$6,072,656 in progress payments. (See "School Projects" herein).

(4) \$1,000,000 of State grants and \$800,000 of private donations expected.

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Combined Schedule of Long Term Debt through Maturity

As of October 24, 2019 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds Principal	All Issues Principal (1)
2020 (1)	\$ 6,437,337	\$1,488,184	\$ 7,925,521	\$ -	\$ 6,437,337
2021	6,433,670	1,260,226	7,693,896	-	6,433,670
2022	6,565,635	1,030,010	7,595,645	-	6,565,635
2023	4,819,855	798,739	5,618,594	1,850,000	6,669,855
2024	2,439,659	658,085	3,097,744	1,850,000	4,289,659
2025	2,449,542	579,701	3,029,243	2,750,000	5,199,542
2026	2,459,625	515,868	2,975,493	2,750,000	5,209,625
2027	2,344,883	460,956	2,805,839	2,750,000	5,094,883
2028	2,024,767	411,499	2,436,266	2,750,000	4,774,767
2029	1,950,000	362,563	2,312,563	2,750,000	4,700,000
2030	1,850,000	315,125	2,165,125	2,750,000	4,600,000
2031	1,850,000	267,000	2,117,000	2,750,000	4,600,000
2032	1,850,000	216,563	2,066,563	2,750,000	4,600,000
2033	1,300,000	171,563	1,471,563	2,750,000	4,050,000
2034	950,000	137,219	1,087,219	2,750,000	3,700,000
2035	950,000	107,531	1,057,531	2,750,000	3,700,000
2036	950,000	77,250	1,027,250	2,750,000	3,700,000
2037	950,000	46,375	996,375	2,650,000	3,600,000
2038	450,000	23,344	473,344	2,650,000	3,100,000
2039	450,000	7,875	457,875	1,500,000	1,950,000
2040	-	-	-	1,500,000	1,500,000
	<u>\$49,474,973</u>	<u>\$8,935,676</u>	<u>\$58,410,649</u>	<u>\$45,000,000</u>	<u>\$94,474,973</u>

(1) Does not reflect fiscal year 2019-20 principal payments of \$5,301,563 made as of October 24, 2019.

Source: Town of Branford.

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SECTION V - FINANCIAL DATA

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).

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, 2018, 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>	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.

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 FY 17 disbursements, or 29.63 mills, for FY 18 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 20, 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 as of the prior valuation date updated to July 1, 2017. The date of the Town's most recent actuarial valuation was July 1, 2017.

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

Police Employees Pension Plan					
	2018	2017	2016	2015	2014
Total pension liability	\$ 34,541,745	\$ 30,789,493	\$ 29,788,646	\$ 28,431,052	\$ 27,324,864
Plan fiduciary net position	23,747,176	22,451,018	21,379,414	21,602,660	21,763,547
Net pension liability	<u>\$ 10,794,569</u>	<u>\$ 8,338,475</u>	<u>\$ 8,409,232</u>	<u>\$ 6,828,392</u>	<u>\$ 5,561,317</u>
Plan fiduciary net position as a % of total pension liability	68.7%	72.9%	71.8%	76.0%	79.6%

Volunteer Fire Department Pension Plan					
	2018	2017	2016	2015	2014
Total pension liability	\$ 1,346,955	\$ 1,286,599	\$ 1,203,868	\$ 1,148,060	N/A
Plan fiduciary net position	1,012,368	936,327	826,379	518,665	N/A
Net pension liability	<u>\$ 334,587</u>	<u>\$ 350,272</u>	<u>\$ 377,489</u>	<u>\$ 629,395</u>	<u>N/A</u>
Plan fiduciary net position as a % of total pension liability	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:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Plan Net Position - Police Employees	\$ 14,730,865	\$ 10,794,569	\$ 7,498,728

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Plan Net Position - Volunteer Fire	\$ 558,469	\$ 334,587	\$ 152,690

Based upon a July 1, 2017 actuarial valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

Schedule of Funding Progress – Police Employees

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
2009	\$ 15,681,847	\$ 20,691,823	\$ 5,009,976	75.79%
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%

Schedule of Funding Progress – Volunteer Fire

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/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%

Schedule of Employer Contributions – Police Employees

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
2016	\$ 897,106	\$ 910,500	101.5%
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)	1,056,060	1,095,060	103.7%

(1) Fiscal year 2019-20 adopted budget.

Schedule of Employer Contributions – Volunteer Fire

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
2016	\$ 66,924	\$ 348,000	520.0%
2017	86,184	86,000	99.8%
2018	86,184	87,000	100.9%
2019	59,050	87,000	147.3%
2020 (1)	59,640	87,000	145.9%

(1) Fiscal year 2019-20 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 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 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, 55 Elm Street, 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, 2018, 2017, 2016 and 2015 were \$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:

	2018	2017
Total OPEB liability	\$ 30,544,885	\$ 28,783,224
Plan fiduciary net position	16,106,492	14,231,839
Net pension liability	<u>\$ 14,438,393</u>	<u>\$ 14,551,385</u>
Plan fiduciary net position as a % of total pension liability	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:

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

As of July 1, 2018, the most recent actuarial valuation date, the plan for Town and Board of Education employees was 56.9% funded. The actuarial accrued liability for benefits was approximately \$28,287,517 and the actuarial value of assets was \$16,106,492, resulting in an unfunded actuarial accrued liability ("UAAL") of approximately \$12,181,025.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (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

Year Ended June 30	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2016	\$1,847,914	\$1,560,182	84.4%
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)	1,970,411	1,970,411	100.0%

(1) Fiscal year 2019-20 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.

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.

Motor Vehicle Property Taxes

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 4-66f 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 2018 assessment year (the fiscal year ending June 30, 2020) is 29.02 mills.

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 FY 17 disbursements, or 29.63 mills, for FY 18 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 20, 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.

Tax Collection Procedure

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 lienied 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.

Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List (1)	Total Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/2018
2020 (1)	\$3,583,125,596	29.02	\$102,749,433	N/A	N/A	N/A
2019 (1)	3,569,991,255	28.64	100,815,169	N/A	N/A	N/A
2018	3,537,873,236	28.47	101,116,747	98.3	\$1,697,731	\$1,697,731
2017	3,505,790,076	27.41	96,604,655	98.3	1,632,574	971,403
2016*	3,485,684,401	26.93	94,341,895	98.5	1,452,871	667,865
2015	3,511,071,799	26.24	92,508,065	98.5	1,381,016	424,634
2014	3,488,675,562	25.59	89,402,779	98.5	1,339,291	144,526
2013	3,466,384,192	24.95	84,399,665	98.3	1,227,068	140,492
2012	3,446,825,087	24.27	83,707,138	98.3	1,447,958	80,586
2011*	3,432,551,052	23.57	80,799,955	98.4	1,297,137	65,832

(1) Fiscal years 2018-19 and 2019-20 adopted budgets.

* Indicates years of revaluations.

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

Taxable Grand List

Grand List Dated	(%) Residential Property	(%) Industrial & Commercial Property	(%) Land	(%) Motor Vehicles	(%) Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
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 (1)	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
10/01/09	76.2	13.1	0.6	5.9	4.2	3,467,481,684	34,930,632	3,432,551,052
10/01/08	75.0	14.1	0.6	6.1	4.2	3,360,416,724	33,878,425	3,326,538,299

(1) The latest revaluation was effective October 1, 2014 as described above.

Source: Assessor's office, Town of Branford.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2018:

Name of Taxpayer	Nature of Property	Grand List Amount
Vigliotti Alex Etals	Residential / Commercial	\$ 44,300,640
Eversource	Utility	41,326,590
UIL Holdings	Utility	17,585,860
Business Park Realty & C. Weber, Jr. Etals	Commercial and Industrial	14,491,710
Kiop Branford LLC	Shopping Plaza	14,365,220
Albany Road Branford I LLC	Industrial and R&D	13,111,500
Nationwide Health Properties	Assisted Living	9,596,430
SHM Bruce & Johnsons LLC	Marinas	9,427,080
CSC Montoya Apartments LLC	Apartments	9,095,540
Sabra Health Care Northeast LLC	Assisted Living	8,540,130
Total		<u>\$181,840,700</u> (1)

(1) Represents 5.07% of the net taxable grand list of \$3,583,125,596 dated October 1, 2018.

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 2019-20 on personal and real property assessed at \$13,303,026 amounting to \$380,905. 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.

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 2014-2018 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

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax As a % of General Fund Revenues</u>
2020 (Adopted Budget)	\$ 115,297,464	\$ 102,749,433	89.1
2019 (Unaudited Estimates)	112,441,885	103,326,975	91.9
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
2011	94,417,926	81,300,414	86.1

Source: Annual audited financial statements, adopted budget for fiscal year 2019-20 and unaudited estimates for fiscal year 2018-19. Fiscal years 2018-19 and 2019-20 do not include on-behalf payments for state teachers' retirement.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernmental</u>	<u>Aid As a % of General Fund Revenue</u>
2020 (Adopted Budget)	\$ 115,297,464	\$ 3,188,096	2.8
2019 (Unaudited Estimates)	112,441,885	2,764,041	2.5
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
2011	94,417,926	8,014,335	8.5

Source: Annual audited financial statements, adopted budget for fiscal year 2019-20 and unaudited estimates for fiscal year 2018-19. Fiscal years 2018-19 and 2019-20 do not include on-behalf payments for state teachers' retirement.

Expenditures

<u>Fiscal Year</u>	<u>Education %</u>	<u>Pension & Insurance %</u>	<u>Public %</u>	<u>Debt %</u>	<u>Public %</u>	<u>General Government %</u>
2020 (Adopted Budget)	51.4	12.8	12.5	7.5	5.9	4.7
2019 (Unaudited Estimates)	52.6	12.7	12.4	7.6	6.0	4.6
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
2011	57.3	10.3	11.5	6.6	5.5	4.5

Source: Annual audited financial statements, adopted budget for fiscal year 2019-20 and unaudited estimates for fiscal year 2018-19. Fiscal years 2018-19 and 2019-20 do not include on-behalf payments for state teachers' retirement.

Comparative General Fund Operating Statement
(Budget and Actual – Budgetary Basis)

	Fiscal Year 2017-18			2018-19	2019-20
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Estimated Actuals	Adopted Budget
REVENUES					
Property taxes	\$99,543,289	\$ 101,530,521	\$ 1,987,232	\$ 103,326,975	\$ 102,749,433
Intergovernmental revenue	293,022	2,850,577	2,557,555	2,764,041	3,188,096
Interest income	175,000	603,668	428,668	927,033	525,000
Licenses, permits and fees	3,495,850	4,114,526	618,676	3,944,536	4,137,900
Fund balance brought forward	-	-	-	-	2,825,000
Other	1,232,000	1,497,970	265,970	1,479,300	1,192,000
TOTAL REVENUES	<u>104,739,161</u>	<u>110,597,262</u>	<u>5,858,101</u>	<u>112,441,885</u>	<u>114,617,429</u>
EXPENDITURES					
Current:					
General government	5,396,964	5,114,851	282,113	4,941,214	5,297,306
Public safety	12,721,531	12,193,734	527,797	13,366,720	14,066,327
Public works	5,308,259	5,036,011	272,248	6,435,173	6,612,468
Recreation	1,183,069	1,155,830	27,239	1,239,062	1,250,752
Libraries	1,624,403	1,611,172	13,231	1,641,413	1,689,899
Health and welfare	651,587	637,716	13,871	1,656,439	1,730,291
Education	55,799,386	55,697,574	101,812	56,744,223	57,731,600
Pension and insurance	14,774,364	13,804,815	969,549	13,725,471	14,385,745
Contingency	447,421	-	447,421	-	999,998
Debt service	8,502,954	8,086,494	416,460	8,174,355	8,465,834
TOTAL EXPENDITURES	<u>106,409,938</u>	<u>103,338,197</u>	<u>3,071,741</u>	<u>107,924,070</u>	<u>112,230,220</u>
Excess (deficiency) of revenues over expenditures	<u>(1,670,777)</u>	<u>7,259,065</u>	<u>8,929,842</u>	<u>4,517,815</u>	<u>2,387,209</u>
Other financing sources (uses):					
Operating transfers in	648,814	648,814	-	648,814	680,035
Operating transfers out:					
Special revenue fund	(1,754,188)	(1,754,188)	-	(322,102)	(232,000)
Capital projects fund	(3,648,849)	(3,648,849)	-	(4,040,638)	(2,835,244)
Total other financing sources (uses)	<u>(4,754,223)</u>	<u>(4,754,223)</u>	<u>-</u>	<u>(3,713,926)</u>	<u>(2,387,209)</u>
Excess of Revenues and other financing sources over expenditures and other financing uses	<u><u>\$(6,425,000)</u></u>	<u><u>\$ 2,504,842</u></u>	<u><u>\$ 8,929,842</u></u>	<u><u>\$ 803,889</u></u>	<u><u>\$ -</u></u>

Source: Annual audited financial statements, fiscal year 2017-18, unaudited estimates for fiscal year 2018-19 and adopted budget for fiscal year 2019-20.

Balance Sheet – General Fund

	2014	2015	2016	2017	2018
ASSETS					
Cash and cash equivalents	\$27,542,345	\$35,811,869	\$31,397,294	\$32,834,577	\$33,659,952
Investments	5,178,205	4,988,360	7,742,264	8,034,591	9,662,953
Receivables, net	5,314,561	5,101,301	5,103,004	5,880,248	6,247,389
Other assets	31,200	-	16,297	16,571	16,554
TOTAL ASSETS	\$38,066,311	\$45,901,530	\$44,258,859	\$46,765,987	\$49,586,848
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,197,744	\$ 3,417,701	\$ 2,542,059	\$ 2,282,764	\$ 2,765,579
Due to other funds	2,387,500	5,139,195	5,519,009	2,985,724	4,021,229
Unearned revenue	856,365	1,018,617	727,605	779,747	721,295
Other	111,815	106,567	149,763	142,313	502,273
Total Liabilities	6,553,424	9,682,080	8,938,436	6,190,548	8,010,376
Deferred Inflows of Resources:					
Unavailable revenue:					
Property taxes	2,447,684	2,356,212	2,869,073	3,403,197	3,621,428
Interest on property taxes	1,110,414	1,092,820	1,183,780	1,445,997	1,555,185
School building grants	426,787	110,548	61,443	19,111	-
Advance property tax collections	4,560,316	7,916,910	6,588,263	8,371,160	5,774,141
Total deferred inflows of resources	8,545,201	11,476,490	10,702,559	13,239,465	10,950,754
Fund Balances:					
Nonspendable	31,200	17,227	16,297	16,571	16,554
Committed	69,252	65,523	64,517	80,447	94,468
Assigned	3,542,725	3,177,321	3,250,167	6,921,026	3,390,015
Unassigned	19,324,509	21,500,116	21,286,883	20,317,930	27,124,681
Total fund balances	22,967,686	24,760,187	24,617,864	27,335,974	30,625,718
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$38,066,311	\$45,918,757	\$44,258,859	\$46,765,987	\$49,586,848

Source: Annual audited financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

	2014	2015	2016	2017	2018
REVENUES					
Property taxes	\$89,374,443	\$93,137,810	\$94,484,140	\$96,604,984	\$101,530,521
Intergovernmental	10,244,386	8,421,875	8,854,178	13,980,773	14,347,991
Charges for services	4,114,823	3,902,827	3,859,805	4,007,159	4,114,526
Interest on investments	97,851	96,538	160,784	291,774	604,138
Miscellaneous	1,264,083	1,326,609	1,550,658	1,439,309	1,496,209
TOTAL REVENUES	105,095,586	106,885,659	108,909,565	116,323,999	122,093,385
EXPENDITURES					
General government	4,331,402	4,577,804	4,535,547	4,691,073	5,101,621
Public safety	10,823,894	11,194,526	11,606,349	11,851,797	12,192,083
Public works and highway	4,982,732	4,887,447	4,974,626	4,930,119	5,178,734
Health and human services	1,820,338	1,878,460	577,517	598,413	2,742,330
Parks, recreation and libraries	2,364,736	2,417,157	2,551,438	2,677,908	633,721
Pension and insurance	11,040,816	11,799,871	13,878,697	12,518,448	13,775,472
Education	57,742,288	57,416,360	59,226,125	64,679,977	67,243,333
Debt service	7,310,265	6,553,266	8,018,795	8,039,014	8,086,493
TOTAL EXPENDITURES	100,416,471	100,724,891	105,369,094	109,986,749	114,953,787
Excess (deficiency) of revenues over expenditures	4,679,115	6,160,768	3,540,471	6,337,250	7,139,598
Other financing sources (uses)					
Operating transfers in	483,822	524,481	597,452	751,714	648,814
Operating transfers (out)	(3,833,397)	(5,412,406)	(4,280,246)	(4,370,854)	(5,180,330)
Bond premiums	-	354,480	-	-	681,662
Refunding bond premiums	-	2,083,783	-	-	-
Issuance of refunding bonds	-	19,655,000	-	-	-
Payment to escrow agent	-	(21,573,605)	-	-	-
Total other financing sources (uses)	(3,349,575)	(4,368,267)	(3,682,794)	(3,619,140)	(3,849,854)
Net change in fund balances	1,329,540	1,792,501	(142,323)	2,718,110	3,289,744
Fund Balance - July 1	21,638,146	22,967,686	24,760,187	24,617,864	27,335,974
Fund Balance - June 30	\$22,967,686	\$24,760,187	\$24,617,864	\$27,335,974	\$ 30,625,718

Source: Annual audited financial statements.

SECTION VI – ADDITIONAL INFORMATION

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.

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 Moody's Investors Service and 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.

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 purchaser 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, 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 the descriptions and statements in the Official Statement relating to the Town of Branford 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. The Town will provide the winning bidder of the Bonds 50 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

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

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/ Michael T. Nardella
Michael T. Nardella
Town Treasurer

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

Dated: October 10, 2019

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, 2018 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, 2018, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Change in Accounting Principle

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

Other Matters

Required Supplementary Information

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 27, 2019

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

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

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

TABLE 1
NET POSITION

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

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

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

TABLE 2
CHANGE IN NET POSITION

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

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

Governmental Activities

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

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

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 12,549	\$ 6,380	\$ 10,583	\$ 4,260
Public safety	21,866	20,684	18,443	17,249
Public works and highway	13,854	13,645	8,559	8,680
Parks, recreation and libraries	4,292	4,308	3,569	3,593
Health and human services	3,046	3,317	1,414	2,012
Education	71,230	70,432	52,721	53,922
Interest and debt service	754	588	753	585
Total	<u>\$ 127,591</u>	<u>\$ 119,354</u>	<u>\$ 96,042</u>	<u>\$ 90,301</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 \$55,836, which is a significant increase from last year's total of \$46,972. The primary reason for the increase is the reduction in the assigned fund balance combined with positive operating results. (See Economic Factors and Next Year's Budget and Rates).

General Fund Budgetary Highlights

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

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

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

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

Long-Term Debt

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

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

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

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

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

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

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

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

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

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

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

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

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

18,918,473

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

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

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

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

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

(Continued on next page)

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

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

Balances of Governmental Funds to the Statement of Activities:

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

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

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

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

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

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

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

Change in pension and OPEB assets and liabilities:

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

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

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

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

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

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

3,047,415

Change in Net Position of Governmental Activities (Exhibit II) \$ 7,655,560

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

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:

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

H. Deferred Outflows/Inflows of Resources

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Net OPEB Liability

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

L. Net Pension Liability

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

N. Accounting Estimates

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

O. New Accounting Standards Adopted

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Cash Equivalents

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

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

Investments

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

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

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk

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

4. RECEIVABLES

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

5. CAPITAL ASSETS

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Active Capital Projects

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

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

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Interfund transfers:

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

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

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

* As restated

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Bond Anticipation Notes

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

Capital Leases

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

Notes Payable

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

8. RISK MANAGEMENT

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

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

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

		Liability	Current Year	Claim	Liability	
		July 1,	Claims	Payments	June 30,	
			and Changes			
			in Estimates			
2016-2017	\$	1,264,244	\$	1,740,476	\$	1,951,694
2017-2018		1,951,694		777,195		1,757,684

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

9. BULKY WASTE LANDFILL

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

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

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

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

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

Plan Description and Benefits Provided

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Police Employees Retirement Plan

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

Volunteer Fire Department Pension Plan

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Investments

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

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

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

Rate of Return

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

Deferred Retirement Option Program

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

Net Pension Liability of the Town

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions

Police Employees Retirement Plan

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

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

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

Volunteer Fire Department Pension Plan

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Changes in the Net Pension Liability

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Police Employees Retirement Plan	\$ 14,730,865	\$ 10,794,569	\$ 7,498,728
		Current	
	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Volunteer Fire Department Pension Plan	\$ 558,469	\$ 334,587	\$ 152,690

Funding Status and Progress

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

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

Pension Plan Fiduciary Net Position

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Changes in Pension Net Position

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

B. Defined Contribution Plan

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

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

C. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Disability Retirement - Service Connected

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

Disability Retirement - Nonservice Connected

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

Death Benefit

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

Contributions

Member

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

Employer

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

Year Ending June 30

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

Actuarial Assumptions

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Discount Rate

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

D. Teachers Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

Employees

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

Pension Plan Fiduciary Net Position

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

Other Information

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

12. OTHER POSTEMPLOYMENT BENEFITS

A. Retiree Health Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

Plan Description

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

Funding Policy

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

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

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

Investments

Investment Policy

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

Rate of Return

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Net OPEB Liability of the Town

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

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

Actuarial Assumptions

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Changes in the Net OPEB Liability

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Year Ending June 30

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Trust Fund Plan Fiduciary Net Position

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

Changes in Trust Fund Net Position

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

B. Teachers Retirement Plan

Plan Description

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

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

Benefit Provisions

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

Survivor Health Care Coverage

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

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Employees

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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

Discount Rate

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

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

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

Other Information

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

13. FUND BALANCES

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

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

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

14. LITIGATION

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

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

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

16. SUBSEQUENT EVENTS

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

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

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

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

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

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

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

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

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

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

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

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

(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, 2018**

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

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

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

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

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

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

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

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

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

Notes to Schedule

Valuation Date: July 1, 2017

Measurement Date: June 30, 2018

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

Methods and assumptions used to determine contribution rates:

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

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

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

Notes to Schedule

Valuation Date: January 1, 2017

Measurement Date: June 30, 2018

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

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

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

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

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

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

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

Notes to Schedule

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

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

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

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

Notes to Schedule

Valuation date: June 30, 2016

Measurement date: June 30, 2017

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

Methods and assumptions used to determine contribution rates:

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

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

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

Notes to Schedule

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

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

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

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

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

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

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

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

Notes to Schedule

Valuation date: July 1, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

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

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

Notes to Schedule

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

APPENDIX B - FORM OF OPINION OF BOND COUNSEL AND TAX EXEMPTION

JOSEPH FASI LLC

A T T O R N E Y S A T L A W

56 ARBOR STREET, SUITE 418
HARTFORD, CONNECTICUT 06106

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 \$45,000,000 Town of Branford, Connecticut General Obligation Bonds, Issue of 2019, bearing a Dated Date and an Original Issue Date of October 24, 2019 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated October 24, 2019 (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 October 24, 2019

In Connection With The Issuance And Sale Of

\$45,000,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2019,

Dated October 24, 2019

WHEREAS, the Town of Branford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$45,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2019 (the "Bonds") to be dated October 24, 2019 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 October 24, 2019

In Connection With The Issuance And Sale Of

\$45,000,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2019,

Dated October 24, 2019

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

Michael T. Nardella
Town Treasurer

By

James P. Finch, Jr.
Finance Director

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

\$45,000,000

TOWN OF BRANFORD, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2019

NOT BANK QUALIFIED

ELECTRONIC BIDS via *PARITY*® only will be received by the Town of Branford, Connecticut (the "Issuer") until:

11:00 A.M. (E.D.T.)

Thursday, October 10, 2019

for the purchase of \$45,000,000 Town of Branford General Obligation Bonds, Issue of 2019, maturing October 15 in each of the years as follows:

Year	Amount	Year	Amount
2022	\$1,850,000	2031	\$2,750,000
2023	\$1,850,000	2032	\$2,750,000
2024	\$2,750,000	2033	\$2,750,000
2025	\$2,750,000	2034	\$2,750,000
2026	\$2,750,000	2035	\$2,750,000
2027	\$2,750,000	2036	\$2,650,000
2028	\$2,750,000	2037	\$2,650,000
2029	\$2,750,000	2038	\$1,500,000
2030	\$2,750,000	2039	\$1,500,000

bearing interest payable semi-annually on April 15 and October 15 in each year until maturity, commencing April 15, 2020 (the "Bonds"). Interest shall be computed on the basis of 360-day year consisting of twelve 30-day months.

Redemption

The Bonds maturing on or before October 15, 2024 are not subject to redemption prior to maturity. The Bonds maturing on October 15, 2025 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after October 15, 2024, 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 Issuer may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the 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>
From:	October 15, 2024 and thereafter	100%

Book-Entry/Denominations

The Bonds will be dated October 24, 2019 and will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. The book-entry system will evidence ownership of the Bonds in the principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Submitting Proposals

Proposals for the purchase of said Bonds must be in the form of proposal for purchase attached hereto. Each bid must be for the entire \$45,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 3%. No bid for less than par and accrued interest will be considered. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purposes of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to October 24, 2019, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to October 24, 2019, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY**® until 11:00 A.M. (E.D.T.) on Thursday, October 10, 2019. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**®, including any fee charged, may be obtained from **PARITY**®, c/o i-Deal LLC, 1359 Broadway, 2nd Floor New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**® is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY**®, the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY**® prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY**® for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY**® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY**® shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**®. The Issuer is using **PARITY**® as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY**® to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All cost and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**® are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY**®, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**® shall constitute the official time.

Award

The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (Hartford time) on October 10, 2019. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Legal Opinion

The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge.

The Bonds will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit 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 Issuer and under existing statutes the State of Connecticut is obligated to pay to the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The legal opinion will further state that, under existing statutes and court decisions interest on the Bonds (i) is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific preference item for purposes of the Federal alternative minimum tax.

Under existing statutes, the 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 Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Bonds, and further, will assume continuing compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

No opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on, the **Bonds** will be expressed.

See "Form of Opinion of Bond Counsel and Tax Matters" herein.

Issue Price Establishment and Certification

By submitting a bid each bidder agrees and is obligated to provide to the Issuer prior to closing an Issue Price Certificate in accordance with this Notice of Sale.

10% Sales Test or Hold-the-Offering-Price Rule to Apply if Competitive Sale Requirements are Not Satisfied.

Summary: To establish issue price the Issuer expects the sale of the Bonds to qualify under the competitive sale provisions of Treasury Regulation Section 1.148-1(f)(3)(i) and to establish the issue price pursuant to the competitive sale regulations.

In the event, in the opinion of Bond Counsel, the competitive sale regulations are not satisfied either the general rule of Treasury Regulation Section 1.148-1(f)(2) establishing the issue price as the first price at which 10% of each maturity is sold to the public ("General Rule"), or, the Hold-the-Offering-Price Rule, will apply. The winning bidder will communicate in writing to the Issuer the Issue Price Rule to be applied to each maturity before the close of business on the date of the sale. If no selection is made the Hold-the-Price Rule will apply.

Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

This Summary is qualified by the Terms of Issue Price Establishment and Certification of this Notice of Sale as follows:

Establishment of Issue Price: The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, in the form attached hereto as Notice of Sale Exhibits A-1 or A-2 (depending on the method of issue price determination).

All actions to be taken by the Issuer under this notice of sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by its Municipal Advisor. Any notice or report to be provided to the Issuer shall be provided to the Issuer's Bond Counsel.

Competitive Sale: The Issuer intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (i) the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid, and by submitting a bid, a bidder is representing that it has an established industry reputation for underwriting new issuances of municipal bonds.

Failure to Meet Competitive Sale Requirements: In the event that the competitive sale regulations are not satisfied, the Issuer shall so advise the winning bidder. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to either the 10% Rule or the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

If the Competitive Sale Rule requests are not met, the winning bidder will notify the Municipal Advisor and Bond Counsel in writing before 5:00 P.M. (Hartford time) on the day of the award of the Issue Price Rule to be applied to each maturity of the Bonds. Failure to do so will result in application of the Hold-the-Offering-Price Rule.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

Documentation to Winning Bidders

In addition to Bond Counsel’s opinion, the winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to said firm, a confirmed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

Certifying/Paying Agent

The Bonds will be certified by U.S. Bank National Association.

Bank Qualification

The Bonds **shall NOT** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Delivery and Payment

The Bonds will be delivered to DTC or its Agent via “Fast” on or about October 24, 2019. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for by the purchaser. The Issuer’s Municipal Advisor will apply for CUSIP numbers in accordance with MSRB Rule G-34. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the Issuer’s Municipal Advisor to obtain such numbers and to supply them to the Issuer in a timely manner, the purchaser’s failure to pay CUSIP charges or any other CUSIP assignment failure or delay.

Deemed Final; Pricing Information

The Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Issuer will provide to the winning bidder 50 copies of the Official Statement prepared at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain listed events; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

More Information

For more information regarding this issue and the Issuer, reference is made to the Official Statement. Bid forms and copies of the Official Statement dated September 30, 2019, may be obtained from Mark Chapman, Managing Director, Hilltop Securities Inc., 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, (860) 290-3001.

James B. Cosgrove
First Selectman

Michael T. Nardella
Town Treasurer

James P. Finch, Jr.
Finance Director

September 30, 2019

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS
ONLY Electronic Bids via **PARITY**® Accepted

October 10, 2019

James B. Cosgrove, First Selectman
Michael T. Nardella, Town Treasurer
James P. Finch, Jr., Finance Director
Town of Branford
c/o Office of the Finance Director
Branford Town Hall
1019 Main Street
Branford, Connecticut 06405

Gentlemen:

Subject to the provisions of the Notice of Sale dated September 30, 2019, which Notice is made a part of this proposal, we offer to purchase all \$45,000,000 bonds of the Town of Branford, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2022	\$1,850,000	_____ %	2031	\$2,750,000	_____ %
2023	\$1,850,000	_____ %	2032	\$2,750,000	_____ %
2024	\$2,750,000	_____ %	2033	\$2,750,000	_____ %
2025	\$2,750,000	_____ %	2034	\$2,750,000	_____ %
2026	\$2,750,000	_____ %	2035	\$2,750,000	_____ %
2027	\$2,750,000	_____ %	2036	\$2,650,000	_____ %
2028	\$2,750,000	_____ %	2037	\$2,650,000	_____ %
2029	\$2,750,000	_____ %	2038	\$1,500,000	_____ %
2030	\$2,750,000	_____ %	2039	\$1,500,000	_____ %

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

The following is our computation of the interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$45,000,000 bonds under the foregoing proposal:

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Percent True Interest Cost	_____ %
	(Four Decimals)

NOTICE OF SALE EXHIBIT A-1

COMPETITIVE SALE
ISSUE PRICE CERTIFICATE

**\$45,000,000 TOWN OF BRANFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2019
Delivery Date: October 24, 2019**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. **Reasonably Expected Initial Offering Price.** (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Underwriter are the prices listed in Schedule A (the “Expected Offering Prices”) attached hereto. The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Underwriter in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Underwriter to purchase the Bonds. (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid. (c) The bid submitted by the [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds in accordance with the specified written terms contained in the Notice of Sale published by the Issuer.

2. [SHORT NAME OF UNDERWRITER] believes it has an established industry reputation for underwriting new issuances of municipal bonds.

3. **Defined Terms.** (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities. (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is Thursday, October 10, 2019. (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate, including the members of an underwriting group) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Joseph Fasi LLC, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER]

By: _____
Name: _____
Title: _____
Dated: October 24, 2019

SCHEDULE A EXPECTED OFFERING PRICES (*To Be Attached*)

SCHEDULE B COPY OF UNDERWRITER’S BID (*To Be Attached*)

NOTICE OF SALE EXHIBIT A-2

COMBINATION GENERAL RULE AND
HOLD-THE-OFFERING-PRICE RULE
ISSUE PRICE CERTIFICATE

**\$45,000,000 TOWN OF BRANFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2019
Delivery Date: October 24, 2019**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] (“[SHORT NAME OF UNDERWRITER]”)[the “Representative”)], on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the General Rule Maturities.*** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Bonds.***

(a) [SHORT NAME OF UNDERWRITER] [the Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

(b) As set forth in the Notice of Sale and bid award, [SHORT NAME OF UNDERWRITER][the Underwriting Group] has[have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) ***General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”

(b) ***Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

(c) ***Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (Thursday, October 10, 2019), or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriting Group] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) ***Issuer*** means the Town of Branford, Connecticut

(e) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 10, 2019.

(h) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Joseph Fasi LLC, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[PurchaserUC]

By: _____

Name: _____

Title: _____

Dated: October 10, 2019

SCHEDULE A SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE HOLD-THE-OFFERING-PRICE MATURITIES

(To Be Attached)

SCHEDULE B PRICING WIRE *(To Be Attached)*

Municipal Advisory Services
Provided By

