

TOWN OF BRANFORD, CONNECTICUT

FINANCIAL STATEMENTS
JUNE 30, 2019

TOWN OF BRANFORD, CONNECTICUT
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Independent Auditors' Report

To the Board of Finance
Town of Branford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Branford, Connecticut, as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated February 27, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2018 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2018 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2020 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Branford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Branford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 25, 2020

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

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from a year ago, increasing from \$145,909 to \$155,977. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

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

The Town experienced an increase in net position of its governmental activities of 6.9% as compared to the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$50,129 at June 30, 2018 to \$38,547 at the end of this year.

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

**TABLE 2
CHANGE IN NET POSITION**

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

The Town's total revenues were \$142,635 while the cost of all programs and services totaled \$132,567. Our analysis, which follows, considers the operations of governmental activities.

Governmental Activities

The largest single component of governmental activity is the General Fund. Total revenues were \$5,055 higher than budgeted. Of this amount, \$2,328 resulted from strong current and delinquent property tax collections from prior levies that include interest and penalties. Taxes on the current levy exceeded the budget by \$1,877. The town's conservative estimate on state assistance programs resulted in a positive balance for intergovernmental revenue of \$583. In addition, revenues from licenses, permits and fees exceeded the budget by \$648 primarily due to real estate conveyance fees and ambulance revenue. Rising rates on investments drove interest income to exceed estimates by \$961. Other income exceeded the budget by \$536 primarily due to better than anticipated results from employee insurance co-pay and bond premiums.

Expenditures were \$1,718 less than anticipated. The primary factor contributing to the expenditure balance relate to the approved state budget negating the need for municipal contributions to the State Teachers Retirement Board. Additionally, lower than anticipated costs for contingency transfers, police extra duty, municipal solid waste fees combined with vacancies resulting in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

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

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$52,246, which is a significant decrease from last year's total of \$55,836. This reflects an increase in funds restricted for capital projects which corresponds to the ongoing construction projects.

General Fund Budgetary Highlights

The Town's General Fund expenditures plus encumbrances totaled \$105,857. Unexpended appropriations in general government, public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,718. Revenues were \$5,055 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates, an unanticipated grant for firefighters and receipt of non-recurring revenue items.

The Town's General Fund balance of \$32,599 reported on Exhibit IV is comprised of four categories: Non-spendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the Town had \$162,710 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$27,502 or 20%, over last year. This increase primarily reflects construction in progress increases associated with the construction of the Community Center and the renovation of the Walsh Intermediate School. Additionally, the town completed a land purchase near the former landfill, while completing the Shoreline Greenway Trail and acquiring a solar pump out boat. The cumulative value of these additions exceeded the combined reductions associated with depreciation and asset dispositions.

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

	Governmental Activities	
	2019	2018
Land	\$ 17,106	\$ 16,856
Intangible assets	597	597
Land improvements	3,595	2,499
Buildings	68,741	71,286
Machinery and equipment	7,673	8,067
Construction in progress	41,495	11,704
Infrastructure	23,503	24,199
Total	\$ <u>162,710</u>	\$ <u>135,208</u>

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

Currently, the Town is leasing space for the public works operation while contemplating the need for a permanent site. Improvements to selected sewer pump stations and improvements to the Harbor Street Culvert will be completed in 2020. As noted above, the Town is undertaking major improvements to the Community Center along with a renovation to the Walsh Intermediate School. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2019, the Town had \$49,475 in bonds and notes outstanding versus \$38,087 last year - an increase of \$11,388 or approximately 29.9%. The Town anticipates increasing the long-term debt in future years to finance library improvements, the aforementioned school renovations, and community center.

The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$721 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when adopting the fiscal year 2019-2020 budget and corresponding tax rates. Foremost among them was an adherence to their fundamental budget guidelines as a basis for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt. The Town's conservative budgeting posture was also represented by an appropriation for a municipal contribution to the State Teacher's Retirement System.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$115,297,464 for 2019-2020, which represents an increase of \$1,327,991 or 1.2% as compared to the 2018-2019 amended budget. Increased property taxes of approximately \$1.9 million combined with a \$2.8 million appropriation from fund balance will supplement nontax revenues.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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

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

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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

The accompanying notes are an integral part of the financial statements

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

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

(Continued on next page)

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

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

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

Fund balances - total governmental funds (Exhibit III)	\$	52,246,957
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Governmental capital assets	\$	302,141,746
Less accumulated depreciation		<u>(139,431,919)</u>
Net capital assets		162,709,827
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not recorded in the funds:		
Property tax receivables greater than 60 days		3,796,530
Interest receivable on property taxes		1,734,058
Assessments receivable		530,027
Housing loans receivable		292,044
School construction grant receivable		3,884,226
Deferred outflows relating to pensions		20,735,068
Deferred outflows relating to OPEB		1,431,375
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities in the statement of net position.		
		15,377,988
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:		
Net pension liability		(40,158,510)
Net OPEB liability		(6,771,421)
Deferred inflows relating to pensions		(972,141)
Deferred inflows relating to OPEB		(2,273,545)
Bonds and notes payable		(49,474,973)
Interest payable on bonds and notes		(540,978)
Compensated absences		(3,529,587)
Notes payable		(375,000)
Bond premium		(1,833,690)
Deferred charge on refunding		217,422
Landfill		<u>(1,048,500)</u>
Net Position of Governmental Activities (Exhibit I)	\$	<u>155,977,177</u>

The accompanying notes are an integral part of the financial statements

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 103,143,178	\$	\$	\$	\$ 103,143,178
Assessments and interest			209,790	2,660,600	2,870,390
Intergovernmental	7,393,145	6,697,431		5,624,283	19,714,859
Charges for services	4,439,210			2,954,800	7,394,010
Income on investments	1,197,565	152,611	64,325	99,670	1,514,171
Miscellaneous	1,608,162	1,264,389		390,681	3,263,232
Total revenues	<u>117,781,260</u>	<u>8,114,431</u>	<u>274,115</u>	<u>11,730,034</u>	<u>137,899,840</u>
Expenditures:					
Current:					
General government	4,863,758	278,928		6,500	5,149,186
Public safety	13,083,005			654,214	13,737,219
Public works and highway	5,823,607		3,327	3,339,736	9,166,670
Parks, recreation and libraries	2,840,993	43,292		496,897	3,381,182
Health and human services	652,291			2,160,832	2,813,123
Education	60,733,892			4,556,571	65,290,463
Pension and insurance	13,778,315				13,778,315
Capital outlay		38,158,952			38,158,952
Debt service	8,174,355				8,174,355
Total expenditures	<u>109,950,216</u>	<u>38,481,172</u>	<u>3,327</u>	<u>11,214,750</u>	<u>159,649,465</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,831,044</u>	<u>(30,366,741)</u>	<u>270,788</u>	<u>515,284</u>	<u>(21,749,625)</u>
Other Financing Sources (Uses):					
Transfers in	684,887	5,566,252		1,761,962	8,013,101
Transfers out	(6,703,214)	(36,073)	(150,000)	(1,123,814)	(8,013,101)
Proceeds from bond issuance		18,000,000			18,000,000
Bond premiums	160,832				160,832
Total other financing sources (uses)	<u>(5,857,495)</u>	<u>23,530,179</u>	<u>(150,000)</u>	<u>638,148</u>	<u>18,160,832</u>
Net Change in Fund Balances	1,973,549	(6,836,562)	120,788	1,153,432	(3,588,793)
Fund Balances at Beginning of Year	<u>30,625,718</u>	<u>12,999,964</u>	<u>3,021,963</u>	<u>9,188,105</u>	<u>55,835,750</u>
Fund Balances at End of Year	<u>\$ 32,599,267</u>	<u>\$ 6,163,402</u>	<u>\$ 3,142,751</u>	<u>\$ 10,341,537</u>	<u>\$ 52,246,957</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

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

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ (3,588,793)

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

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

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

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

Change in pension and OPEB assets and liabilities:

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

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

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

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

Compensated absences	(635,649)
Accrued interest	(193,403)
Amortization of deferred charge on refunding	(76,055)
Amortization of bond premiums	304,962
Change in deferred inflows relating to pensions	(639,620)
Change in deferred inflows relating to OPEB	(2,273,545)
Landfill post closure care	40,000

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

(3,540,485)

Change in Net Position of Governmental Activities (Exhibit II)

\$ 10,067,677

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019**

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

The accompanying notes are an integral part of the financial statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

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

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Net OPEB Liability

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

L. Net Pension Liability

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

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

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

N. Accounting Estimates

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. During the year ended June 30, 2019 the Town approved additional appropriations of \$2,229,102, \$179,102 from unanticipated revenues and \$2,050,000 from fund balance.

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$22,915,514 of the Town's bank balance of \$39,016,581 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 4,853,760
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name, and amounts held by third-party banks in the Town's name	<u>18,061,754</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>22,915,514</u>

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

Cash Equivalents

At June 30, 2019, the Town's cash equivalents amounted to \$60,562,854. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 4,614,942	\$	\$ 3,814,604	\$ 800,338
Other debt securities	AAA	824,009	131,751	692,258	
Municipal bonds	AA	1,745,029		189,501	1,555,528
Corporate bonds	A-AAA	7,237,765	452,211	6,227,579	557,975
Corporate bonds	B-BBB-	336,152	50,711	197,382	88,059
Certificates of deposit*	N/A	9,330,841	<u>6,367,174</u>	<u>2,963,667</u>	
Subtotal			<u>\$ 7,001,847</u>	<u>\$ 14,084,991</u>	<u>\$ 3,001,900</u>
Other investments:					
Common stock	N/A	2,095,917			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	<u>25,649,164</u>			
Total		<u>\$ 51,833,819</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, 2019:

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

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

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2019, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

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

4. RECEIVABLES

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

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

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

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

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

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

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

Active Capital Projects

The Town has active projects as of June 30, 2019. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Tabor Drive Acquisition	\$ 13,875,000	\$ 13,844,478	\$	\$ 30,522
Radio Control System Upgrade	1,650,000	1,650,000		-
School Ground Road Bridge	4,975,000	4,198,523		776,477
Land Acquisition Fund	1,535,276	1,351,517		183,759
Pump Station Upgrades	2,500,000	2,003,371	226	496,403
Harbor Street Culvert Repairs	2,100,000	1,850,466	45,925	203,609
Community Center Improvements	12,115,000	10,929,613	1,024,121	161,266
Branford Hills Demolition	300,000	294,330	2,500	3,170
BOE Bathroom Renovations	150,000	103,483		46,517
WIS Pool	300,000			300,000
Walsh Intermediate School Renovations	88,200,000	27,299,247	46,703,273	14,197,480
Linden Avenue Shoreline Stabilization	1,200,000	91,480	37,108	1,071,412
Branford High School Locker Room Renovation	300,000			300,000
Energy Performance Contract	6,000,000	5,303,288		696,712
Indian Neck Firehouse Renovations	1,675,000	410,997	1,210,709	53,294
James Blackstone Memorial Library Renovations	5,245,000	2,915,780	2,168,395	160,825
BHS Tennis Court Replacement	252,400	252,400		

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 96,002
General Fund	Capital Projects Fund	36,073
Capital Projects Fund	General Fund	4,054,179
Capital Projects Fund	Sewer Assessment Fund	<u>1,100,000</u>
 Total		 <u><u>\$ 5,286,254</u></u>

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

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

Interfund transfers:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Governmental	Total Transfers Out
Transfers out:				
General Fund	\$	\$ 5,091,252	\$ 1,611,962	\$ 6,703,214
Sewer Assessment Fund			150,000	150,000
Capital Projects	36,073			36,073
Nonmajor Governmental	<u>648,814</u>	<u>475,000</u>		<u>1,123,814</u>
 Total Transfers In	 <u>\$ 684,887</u>	 <u>\$ 5,566,252</u>	 <u>\$ 1,761,962</u>	 <u>\$ 8,013,101</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, 2019 was as follows:

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

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

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

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

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

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

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

Clean Water Fund Notes

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

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

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

General Obligation Bonds and Notes

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

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

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

Category	(In Thousands)		
	Debt Limit	Indebtedness	Balance
General purpose	\$ 231,644	\$ 28,758	\$ 202,886
Schools	463,289	93,102	370,187
Sewers	386,074	8,430	377,644
Urban renewal	334,597		334,597
Pension deficit	308,859		308,859

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

Notes Payable

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

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

**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 \$3,366,297 reported in the Internal Service Fund at June 30, 2019 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

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

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,457,193 at June 30, 2019 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

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

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

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for medical, prescription drug costs and dental benefits. The claims liability of \$1,059,000 at June 30, 2019 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

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

9. BULKY WASTE LANDFILL

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

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

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

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

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

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover, Demolition and Grading Cost	\$ 8,500
Postclosure Care Costs (26 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	429,000
Monitoring Program, Groundwater, Methane and Stormwater (\$23,500 annually)	<u>611,000</u>
Total	<u>\$ 1,048,500</u>

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. General Fund balance for fiscal year ended June 30, 2019 as reflected in BRRFOC's financial statements is \$1.29 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

Plan Description and Benefits Provided

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

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

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 10 years remaining as of January 2019.

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

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

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

Investments

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

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

Police Employees Retirement Plan

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

Volunteer Fire Department Pension Plan

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

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 5.07% and 5.06% for the Police employee’s retirement plan and the volunteer fire department pension plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deferred Retirement Option Program

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

Net Pension Liability of the Town

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

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

Actuarial Assumptions

Police Employees Retirement Plan

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

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

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

Volunteer Fire Department Pension Plan

The total pension liability was determined by an actuarial valuation as of January 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates were based on the RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2018.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following tables:

Police Employees Retirement Plan

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

Volunteer Fire Department Pension Plan

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

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

Changes in the Net Pension Liability

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

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

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

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

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

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

Funding Status and Progress

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

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

Pension Plan Fiduciary Net Position

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

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

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	\$ 1,489,164	\$ 87,000	\$ 1,576,164
Plan members	<u>1,129,960</u>	<u> </u>	<u>1,129,960</u>
Total contributions	2,619,124	87,000	2,706,124
Net investment income	<u>1,202,629</u>	<u>54,293</u>	<u>1,256,922</u>
Total additions	3,821,753	141,293	3,963,046
Deductions:			
Benefits	<u>1,740,559</u>	<u>41,745</u>	<u>1,782,304</u>
Net Increase in Net Position	2,081,194	99,548	2,180,742
Net Position at Beginning of Year	<u>23,747,176</u>	<u>1,012,368</u>	<u>24,759,544</u>
Net Position at End of Year	<u><u>\$ 25,828,370</u></u>	<u><u>\$ 1,111,916</u></u>	<u><u>\$ 26,940,286</u></u>

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

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

For the year ended June 30, 2019, the Town recognized pension expense of \$2,382,716. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

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

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

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>
2020	\$ 1,179,778	\$ 18,879
2021	856,954	10,047
2022	292,625	11,556
2023	66,048	5,772
2024		2,664
Thereafter		30,947

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

B. Defined Contribution Plan

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

C. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

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

Early Retirement

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

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

Disability Retirement - Service Connected

This applies to employees who are totally and permanently disabled and such disability has arisen out of and in the course of employment with the municipality. Disability due to heart and hypertension in the case of fire and police, who began employment prior to July 1, 1996, is presumed to have been suffered in the line of duty. Benefits are calculated as a service retirement allowance based on compensation and service to the date of the disability with a minimum benefit (including worker's compensation benefits) of 50% of compensation at the time of disability.

Disability Retirement - Nonservice Connected

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

Pre-Retirement Death Benefit

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

Contributions

Member

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

Employer

Participating employers make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability and a prior service amortization payment, which covers the liabilities of MERS not met by member contributions. In addition, there is also an annual administrative fee per active and retired member.

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

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

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

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

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

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

Year Ending June 30

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

Actuarial Assumptions

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

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

Mortality rates were based on:

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

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

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

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

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

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

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

Discount Rate

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

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

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

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

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

D. Connecticut Teachers Retirement System - Pension

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>84,369,802</u>
Total	\$	<u><u>84,369,802</u></u>

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

For the year ended June 30, 2019, the Town recognized pension expense and revenue of \$9,469,019 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

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

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

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

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

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

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

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

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

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

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

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.

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

Plan Description

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

At July 1, 2018, plan membership consisted of the following:

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

Funding Policy

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

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

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

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

Investments

Investment Policy

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

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

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

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

Actuarial Assumptions

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

Inflation	2.60%
Salary increases	3.60%, average, including inflation
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.00% for 2018, decreasing 0.5% per year to an ultimate rate of 4.60% for 2022 and later years

Mortality rates were based on the RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2018.

The actuarial assumptions used in the July 1, 2018 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Changes in the Net OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

Year Ending June 30

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

Trust Fund Plan Fiduciary Net Position

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

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

Changes in Trust Fund Net Position

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Additions:			
Contributions:			
Employer	\$ 1,576,164	\$ 8,141,374	\$ 9,717,538
Plan members	1,129,960		1,129,960
Other		51,480	51,480
Total contributions	<u>2,706,124</u>	<u>8,192,854</u>	<u>10,898,978</u>
Net investment income	<u>1,256,922</u>	<u>841,537</u>	<u>2,098,459</u>
Total additions	3,963,046	9,034,391	12,997,437
Deductions:			
Benefits	<u>1,782,304</u>	<u>1,652,303</u>	<u>3,434,607</u>
Change in Net Position	2,180,742	7,382,088	9,562,830
Net Position at the Beginning of Year	<u>24,759,544</u>	<u>16,106,492</u>	<u>40,866,036</u>
Net Position at the End of Year	<u><u>\$ 26,940,286</u></u>	<u><u>\$ 23,488,580</u></u>	<u><u>\$ 50,428,866</u></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 Supplement Plans provide coverage for those participating in Medicare but not receiving Subsidized Local School District Coverage.

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

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

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplement Plans. Effective July 1, 2018, the System added a Medicare Advantage Plan option. Active members, retirees and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits) under the Medicare Advantage Plan. Retired members who choose to enroll in the Medicare Supplement Plan are responsible for the full difference in the premium cost between the two plans. Additionally, effective July 1, 2018, retired members who cancel their health care coverage or elect to not enroll in a CTRB sponsored health care coverage option must wait two years to re-enroll.

Survivor Health Care Coverage

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

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

Eligibility

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

Credited Service

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

Normal Retirement

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

Early Retirement

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

Proratable Retirement

Age 60 with 10 years of Credited Service.

Disability Retirement

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

Termination of Employment

Ten or more years of Credited Service.

Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

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

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

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

At June 30, 2019, the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support and the total portion of the net OPEB liability that was associated with the Town was as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>16,866,066</u>
Total	<u>\$ 16,866,066</u>

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

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

Actuarial Assumptions

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

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

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

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

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

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

Discount Rate

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

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

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

Other Information

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

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

13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

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

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

14. LITIGATION

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

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

15. SUBSEQUENT EVENTS

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

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

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

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

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

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

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

TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

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

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**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2019**

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

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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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 104,916	\$ 109,442	\$ 109,442	\$ -
Sewer Utility Fund	600,000	600,000	600,000	-
Human Services Fund	1,011,657	1,011,657	1,011,657	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Revaluation Fund	50,000	50,000	50,000	-
Ambulance	75,000	75,000	75,000	-
Fire Apparatus	200,000	200,000	200,000	-
Municipal Facilities Fund	105,000	1,235,000	1,235,000	-
Elderly Vehicles	35,000	35,000	35,000	-
Communications Fund	155,000	155,000	155,000	-
DPW Apparatus	275,000	275,000	275,000	-
Coastal Resiliency Fund		1,000,000	1,000,000	-
Capital Procurement Fund	1,885,932	1,961,554	1,961,554	-
Total other financing uses	<u>4,524,305</u>	<u>6,734,453</u>	<u>6,734,453</u>	<u>-</u>
Total Budgeted Operations	\$ <u>112,080,371</u>	\$ <u>114,309,473</u>	112,591,463	\$ <u>1,718,010</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf pension payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			9,469,019	
State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			(5,602,897)	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			333,756	
The Town does not budget for Lease fund expenditures.			225,351	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(462,102)	
The Town budgeted for certain capital transfers in the prior year, recorded this year for GAAP.			250,000	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			<u>(151,160)</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>116,653,430</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Service cost	\$ 579,898	600,194	\$ 621,201	\$ 586,875	\$ 586,875	\$ 437,672
Interest	1,838,139	1,906,563	1,990,048	2,058,756	2,140,743	2,207,541
Changes of benefit terms						844,917
Differences between expected and actual experience			(680,737)		1,920,908	
Changes of assumptions			991,581		706,596	
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,569)	(1,564,499)	(1,644,784)	(1,602,870)	(1,740,559)
Net change in total pension liability	898,948	1,106,188	1,357,594	1,000,847	3,752,252	1,749,571
Total pension liability - beginning	26,425,916	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745
Total pension liability - ending	<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>	<u>36,291,316</u>
Plan fiduciary net position:						
Contributions - employer	920,000	898,000	910,500	914,742	1,911,484	1,489,164
Contributions - member	282,016	301,069	280,850	258,782	211,005	243,220
Net investment income	2,255,408	40,613	149,903	1,542,864	776,539	1,202,629
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,569)	(1,564,499)	(1,644,784)	(1,602,870)	(1,740,559)
Other						886,740
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,246)	1,071,604	1,296,158	2,081,194
Plan fiduciary net position - beginning	19,825,212	21,763,547	21,602,660	21,379,414	22,451,018	23,747,176
Plan fiduciary net position - ending	<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>	<u>25,828,370</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>	<u>\$ 10,462,946</u>
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%	68.75%	71.17%
Covered payroll	\$ 3,462,045	3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132	\$ 3,806,985
Net pension liability as a percentage of covered-employee payroll	160.64%	197.24%	235.14%	233.16%	404.12%	274.84%

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

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

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

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106	\$ 911,226	\$ 911,226	\$ 1,056,060
Contributions in relation to the actuarially determined contribution	<u>1,101,866</u>	<u>887,078</u>	<u>960,000</u>	<u>922,000</u>	<u>920,000</u>	<u>898,000</u>	<u>910,500</u>	<u>914,742</u>	<u>1,911,484</u>	<u>1,489,164</u>
Contribution Deficiency (Excess)	\$ <u>(308,124)</u>	\$ <u>127,025</u>	\$ <u>81,413</u>	\$ <u>(32,368)</u>	\$ <u>(16,837)</u>	\$ <u>(894)</u>	\$ <u>(13,394)</u>	\$ <u>(3,516)</u>	\$ <u>(1,000,258)</u>	\$ <u>(433,104)</u>
Covered-employee payroll	\$ 3,993,027	\$ 3,993,027	\$ 4,217,112	\$ 4,217,112	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132	\$ 3,806,985
Contributions as a percentage of covered-employee payroll	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%	25.46%	25.58%	71.56%	39.12%

Notes to Schedule

Valuation Date: July 1, 2017
 Measurement Date: June 30, 2019

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Entry Age Normal
- Amortization method: Level percentage of salary - Closed
- Remaining amortization period: 16 Years
- Asset valuation method: Asset gains and losses are recognized over a five-year period at 20% per year.
- Inflation: 2.50% (Prior: 3.0%)
- Salary increases: Scaled from 8.50% down to 2.50% based on years of service. (Prior: Scaled from 9.50% down to 3.50% based on years of service.)
- Investment rate of return: 6.50% (Prior: 7.00%)
- Retirement age: Scaled based on age from 25% at age 25 to 100% at age 40 (Prior: Scaled based on age from 20% at age 25 to 100% at age 40)
- Mortality: RP-2014 adjusted to 2006 Blue Collar Mortality Table projected to valuation date with Scale MP-2017
 Prior: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015

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

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

Notes to Schedule

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

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

Methods and assumptions used to determine contribution rates:

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

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

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

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

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

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

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

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>64,784,314</u>	<u>70,090,168</u>	<u>91,314,924</u>	<u>86,553,802</u>	<u>84,369,802</u>
Total	<u>\$ 64,784,314</u>	<u>\$ 70,090,168</u>	<u>\$ 91,314,924</u>	<u>\$ 86,553,802</u>	<u>\$ 84,369,802</u>
Town's covered payroll	\$ 22,361,702	\$ 25,437,705	\$ 25,585,052	\$ 26,087,583	\$ 25,670,355
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	61.51%	59.50%	52.26%	55.93%	57.69%

Notes to Schedule

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Single equivalent amortization period	17.6 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.00%, net of investment-related expense

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 1,303,939	\$ 1,683,907	\$ 2,065,555	\$ 2,144,563	\$ 2,224,976	\$ 2,284,715	\$ 2,233,161	\$ 2,254,928	\$ 2,456,032	\$ 2,511,387
Contributions in relation to the actuarially determined contribution	1,303,939	1,683,907	2,065,555	2,144,563	2,224,976	2,284,715	2,233,161	2,254,928	2,456,032	2,511,387
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 15,843,730	\$ 15,915,945	\$ 16,149,765	\$ 16,458,657	\$ 16,641,556	\$ 16,787,032	\$ 18,444,678	\$ 18,428,703	\$ 19,160,897	\$ 19,552,183
Contributions as a percentage of covered-employee payroll	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%	12.11%	12.24%	12.82%	12.84%

Notes to Schedule

Valuation date: June 30, 2018
Measurement date: June 30, 2018
The actuarially determined contributions are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age
Amortization method: Level dollar, closed
Single equivalent amortization period: 23 years
Asset valuation method: 5-year smoothed market (20% write up)
Inflation: 3.25%
Salary increases: 4.25% - 11.00%, including inflation
Investment rate of return: 8.00%, net of investment-related expense
Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

In 2018, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2018 valuation. Rates of inflation, real investment return mortality, withdrawal, disability, retirement and salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2017.

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

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

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

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

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

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution (1)	\$ 1,955,400	\$ 1,997,300	\$ 1,613,000	\$ 1,651,000	\$ 1,790,540	\$ 1,835,900	\$ 1,847,914	\$ 1,907,215	\$ 2,016,067	\$ 2,048,581
Contributions in relation to the actuarially determined contribution	<u>1,285,645</u>	<u>1,503,300</u>	<u>1,276,100</u>	<u>1,584,500</u>	<u>1,964,000</u>	<u>1,808,700</u>	<u>1,560,200</u>	<u>2,216,607</u>	<u>2,218,026</u>	<u>8,141,374</u>
Contribution Deficiency (Excess)	<u>\$ 669,755</u>	<u>\$ 494,000</u>	<u>\$ 336,900</u>	<u>\$ 66,500</u>	<u>\$ (173,460)</u>	<u>\$ 27,200</u>	<u>\$ 287,714</u>	<u>\$ (309,392)</u>	<u>\$ (201,959)</u>	<u>\$ (6,092,793)</u>
Covered-employee payroll	\$ 39,028,800	\$ 39,028,800	\$ 39,169,500	\$ 39,169,500	\$ 48,861,400	\$ 48,861,400	\$ 47,770,477	\$ 49,561,870	\$ 51,420,440	\$ 44,608,973
Contributions as a percentage of covered-employee payroll	3.29%	3.85%	3.26%	4.05%	4.02%	3.70%	3.27%	4.47%	4.31%	18.25%

Notes to Schedule

Valuation date: July 1, 2018

Measurement date: June 30, 2019

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.60% (Prior: 2.75%)
Healthcare cost trend rates	7.00% in 2018, decreasing 0.50% per year to an ultimate rate of 4.60% for 2023 and later. (Prior: 7.75% for 2016, decreasing 0.50% per year, to an ultimate rate of 4.75% for 2022 and later.)
Salary increases	3.60% (Prior 3.75%), average, including inflation
Investment rate of return	6.50% (Prior: 6.75%), net of pension plan investment expense, including inflation
Retirement age	Expected retirement ages of employees are based on union agreements and other expectations
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018. (Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016.)

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

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

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

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

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

Notes to Schedule

Changes in benefit terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to better reflect the anticipated returns on cash and other high quality short-term fixed income investments.</p> <p>Based on the procedure described in GASB 75, the discount rate used to measure Plan obligations for financial accounting purposes as of June 30, 2018 was updated to equal the Municipal Bond Index Rate as of June 30, 2018. The System selected the 3.87% discount rate used to measure the Total OPEB Liability as of the June 30, 2018 measurement date.</p> <p>Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience both before and after the plan change that became effective on July 1, 2018.</p> <p>The assumed age-related annual percentage increases in expected annual per capita health care claim costs were updated to better reflect the expected differences between the Medicare Supplement and Medicare Advantage Plan amounts as part of the plan change that became effective on July 1, 2018.</p> <p>Long-term health care cost trend rates were updated to better reflect the anticipated impact of changes in medical inflation, utilization, leverage in the plan design, improvements in technology, and fees and charges on expected claims and retiree contributions in future periods.</p> <p>The percentage of retired members who are not currently participating in the Plan, but are expected to elect coverage for themselves and their spouses under a System-sponsored health care plan option in the future, was updated to better reflect anticipated plan experience.</p> <p>The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options, as well as the portion who are expected to migrate to the Medicare Advantage Plan over the next several years, were updated to better reflect anticipated plan experience after the plan change that became effective on July 1, 2018.</p> <p>The post-disability mortality table was updated to extend the period of projected mortality improvements from 2017 to 2020. This change was made to better reflect anticipated post-disablement plan experience.</p> <p>The percentages of deferred, vested members who will become ineligible for future health care benefits because they are expected to withdraw their contributions from the System was updated to better reflect anticipated plan experience.</p>
Actuarial cost method	Entry age
Amortization method	Level percent of payroll
Remaining amortization period	30 years, open
Asset valuation method	Market value of assets
Investment rate of return	4.25%, net of investment-related expense including price inflation

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

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2019 AND 2018**

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

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

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

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

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

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

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

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

	Special Revenue									
	Board of Education									
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Building Usage	Small Cities Fund	Town Aid Road	Pass Through Grants	Park and Recreation
ASSETS										
Cash and cash equivalents	\$ 10,643	\$ 42,812	\$ 707,840	\$ 1,189,085	\$ 133,404	\$ 321	\$ 143,216	\$ 2,814,949	\$	\$ 945,468
Investment										
Accounts receivable	6,143				405		292,044			
Intergovernmental receivable				14,010	87,108					
Due from other funds				96,002						
Inventory					16,717					
Total Assets	\$ 16,786	\$ 42,812	\$ 707,840	\$ 1,299,097	\$ 237,634	\$ 321	\$ 435,260	\$ 2,814,949	\$ -	\$ 945,468
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	\$ 2,544	\$ 18,923	\$ 353,537	\$ 83,216	\$	\$	\$ 258,289	\$	\$ 60,800
Unearned revenue				1,686						296,674
Total liabilities	-	2,544	18,923	355,223	83,216	-	-	258,289	-	357,474
Deferred Inflows of Resources:										
Unavailable revenue - special assessments	6,143									
Unavailable revenue - loans receivable						292,044				
Total deferred inflows of resources	6,143	-	-	-	-	292,044	-	-	-	-
Fund Balance:										
Nonspendable					16,717					
Restricted				943,874		143,216	2,556,660			
Committed	10,643	40,268	688,917		137,701	321				587,994
Total fund balance	10,643	40,268	688,917	943,874	154,418	321	143,216	2,556,660	-	587,994
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,786	\$ 42,812	\$ 707,840	\$ 1,299,097	\$ 237,634	\$ 321	\$ 435,260	\$ 2,814,949	\$ -	\$ 945,468

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

	<u>Special Revenue</u>								
	<u>Special Programs</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>	<u>Elderly Commission</u>	<u>Animal Control</u>	<u>Sewer Utility Fund</u>	<u>FEMA Fund</u>	<u>Human Services Fund</u>	<u>Total</u>
ASSETS									
Cash and cash equivalents	\$ 1,351,223	\$ 90,081	\$ 41,415	\$ 496,799	\$ 134,380	\$ 952,267	\$ 103,140	\$ 557,947	\$ 9,714,990
Investment			133,957			562,646			696,603
Accounts receivable						226,265		206,431	731,288
Intergovernmental receivable	61				130,813	589,316			821,308
Due from other funds									96,002
Inventory									16,717
Total Assets	<u>\$ 1,351,284</u>	<u>\$ 90,081</u>	<u>\$ 175,372</u>	<u>\$ 496,799</u>	<u>\$ 265,193</u>	<u>\$ 2,330,494</u>	<u>\$ 103,140</u>	<u>\$ 764,378</u>	<u>\$ 12,076,908</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ 39,142	\$ 3,230	\$ 835		\$ 18,295	\$ 124,696		\$ 51,095	\$ 1,014,602
Unearned revenue					18,845			206,431	523,636
Total liabilities	<u>39,142</u>	<u>3,230</u>	<u>835</u>	<u>-</u>	<u>37,140</u>	<u>124,696</u>	<u>-</u>	<u>257,526</u>	<u>1,538,238</u>
Deferred Inflows of Resources:									
Unavailable revenue - special assessments						233,483			239,626
Unavailable revenue - loans receivable									292,044
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,483</u>	<u>-</u>	<u>-</u>	<u>531,670</u>
Fund Balance:									
Nonspendable									16,717
Restricted	1,312,142						103,140		5,059,032
Committed		86,851	174,537	496,799	228,053	1,972,315		506,852	4,931,251
Total fund balance	<u>1,312,142</u>	<u>86,851</u>	<u>174,537</u>	<u>496,799</u>	<u>228,053</u>	<u>1,972,315</u>	<u>103,140</u>	<u>506,852</u>	<u>10,007,000</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,351,284</u>	<u>\$ 90,081</u>	<u>\$ 175,372</u>	<u>\$ 496,799</u>	<u>\$ 265,193</u>	<u>\$ 2,330,494</u>	<u>\$ 103,140</u>	<u>\$ 764,378</u>	<u>\$ 12,076,908</u>

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

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

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

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

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

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

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

	Permanent Fund					Total	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant		
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$ -	\$ 2,660,600
Intergovernmental revenues						-	5,624,283
Sales and services						-	2,377,205
Investment income	(10,776)	93	126	841	1,439	(8,277)	99,670
Other						-	390,681
Sale of food						-	577,595
Total revenues	<u>(10,776)</u>	<u>93</u>	<u>126</u>	<u>841</u>	<u>1,439</u>	<u>(8,277)</u>	<u>11,730,034</u>
Expenditures:							
Current:							
General government						-	6,500
Public safety						-	654,214
Public works and highway						-	3,339,736
Parks, recreation and libraries						-	496,897
Health and human services	175					175	2,160,832
Education				250		250	4,556,571
Total expenditures	<u>175</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>425</u>	<u>11,214,750</u>
Excess (Deficiency) of Revenues over Expenditures	(10,951)	93	126	591	1,439	(8,702)	515,284
Other Financing Sources (Uses):							
Transfers in						-	1,761,962
Transfers out						-	(1,123,814)
Net Change in Fund Balances	(10,951)	93	126	591	1,439	(8,702)	1,153,432
Fund Balances at Beginning of Year	<u>237,462</u>	<u>4,253</u>	<u>5,249</u>	<u>35,244</u>	<u>61,031</u>	<u>343,239</u>	<u>9,188,105</u>
Fund Balances at End of Year	<u>\$ 226,511</u>	<u>\$ 4,346</u>	<u>\$ 5,375</u>	<u>\$ 35,835</u>	<u>\$ 62,470</u>	<u>\$ 334,537</u>	<u>\$ 10,341,537</u>

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

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

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

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

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

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

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

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

**TOWN OF BRANFORD, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

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

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

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

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

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

(Continued on next page)

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

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

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

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2018	\$ 101,407
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	<u>1,546</u>
Base	<u><u>\$ 102,953</u></u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 231,644	\$	\$	\$	\$
4-1/2 times base		463,289			
3-3/4 times base			386,074		
3-1/4 times base				334,597	
3 times base					308,859
Total debt limitation	<u>231,644</u>	<u>463,289</u>	<u>386,074</u>	<u>334,597</u>	<u>308,859</u>
Indebtedness:					
Bonds payable	19,643	21,502	8,330		
Bonds authorized and unissued	<u>9,115</u>	<u>71,600</u>	<u>100</u>		
Total indebtedness	<u>28,758</u>	<u>93,102</u>	<u>8,430</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 202,886</u></u>	<u><u>\$ 370,187</u></u>	<u><u>\$ 377,644</u></u>	<u><u>\$ 334,597</u></u>	<u><u>\$ 308,859</u></u>

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