

TOWN OF BRANFORD, CONNECTICUT
FINANCIAL STATEMENTS
JUNE 30, 2021



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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, 2021, 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 auditor considers 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, 2021 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.

Emphasis of a Matter

As discussed in Note 15, during fiscal year ended June 30, 2021, the Town of Branford, Connecticut adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Town of Branford, Connecticut reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

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.

The accompanying General Fund balance sheet for the year ended June 30, 2020 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 relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2020 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, 2020.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
October 24, 2022

**TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021. 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 \$18,780.
- During the year, the Town had expenses that were \$18,780 less than the \$148,615 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$129,835. The General Fund reported a fund balance this year of \$41,665.
- The resources available for appropriation were \$8,786 more than budgeted for the General Fund. Expenditures were \$3,158, 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 \$173,273 to \$192,053. 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	
	2021	2020 as Restated
Current assets	\$ 158,549	\$ 136,297
Capital assets, net of accumulated depreciation	<u>205,641</u>	<u>191,072</u>
Total assets	<u>364,190</u>	<u>327,369</u>
Deferred outflows of resources	<u>15,577</u>	<u>21,249</u>
Long-term debt outstanding	18,400	144,059
Other liabilities	<u>143,563</u>	<u>19,735</u>
Total liabilities	<u>161,963</u>	<u>163,794</u>
Deferred inflows of resources	<u>25,751</u>	<u>11,551</u>
Net Position:		
Net investment in capital assets	119,761	112,584
Restricted	55,875	35,623
Unrestricted	<u>16,417</u>	<u>25,066</u>
Total Net Position	<u>\$ 192,053</u>	<u>\$ 173,273</u>

The Town experienced an increase in net position of its governmental activities of 8.6% 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 \$25,066 at June 30, 2020 to \$16,417 at the end of this year.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 15,404	\$ 11,206
Operating grants and contributions	15,610	17,599
Capital grants and contributions	7,389	13,967
General revenues:		
Property taxes	108,879	106,178
Grants and contributions not restricted to specific programs	603	610
Unrestricted investment earnings	154	1,487
Other general revenues	576	257
Total revenues	<u>148,615</u>	<u>151,304</u>
Program expenses:		
General government	8,717	8,944
Public safety	24,908	27,808
Public works and highway	14,317	14,600
Parks, recreation and libraries	3,911	7,171
Health and human services	3,278	3,962
Education	72,316	70,244
Interest debt service	2,388	2,430
Total program expenses	<u>129,835</u>	<u>135,159</u>
Increase in Net Position	<u>\$ 18,780</u>	<u>\$ 16,145</u>

The Town's total revenues were \$148,615 while the cost of all programs and services totaled \$129,835. An 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 \$8,786 higher than budgeted. Of this amount, \$6,198 resulted from strong current and delinquent property tax collections from prior levies that include interest and penalties. The variance is unusually high by historic standards as the town reduced the budgeted tax collection rate from 98.35% to 95% reflecting concerns that the global pandemic would adversely impact collections. As a result, taxes on the current levy exceeded the budget by \$4,881. The town's conservative estimate on state assistance programs resulted in a positive balance for intergovernmental revenue of \$586. In addition, revenues from licenses, permits and fees exceeded the budget by \$1,334 primarily due to police extra duty, town clerk fees and building permits. Interest on investments underperformed estimates by \$(190). Other income exceeded the budget by \$839 primarily due to better than anticipated results from employee insurance co-pay, bond premiums and payments in lieu of taxes from the regional water authority.

Expenditures were \$3,158 less than anticipated. The global pandemic and related shutdowns influenced expenditure balances as some services were cancelled or curtailed resulting in unused appropriations.

Specific functional areas that realized large unexpended balances include education, police, public works, contingency transfers, and debt service requirements were lower due to bond refunding initiatives. Finally, vacancies in various departments 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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General government	\$ 8,717	\$ 8,944	\$ 6,917	\$ 6,276
Public safety	24,908	27,808	19,668	23,350
Public works and highway	14,317	14,600	9,320	7,922
Parks, recreation and libraries	3,911	7,171	2,185	5,220
Health and human services	3,278	3,962	1,742	2,785
Education	72,316	70,244	49,214	44,404
Interest and debt service	2,388	2,430	2,388	2,430
Total	\$ <u>129,835</u>	\$ <u>135,159</u>	\$ <u>91,434</u>	\$ <u>92,387</u>

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$86,276, which is a significant increase from last year's total of \$77,734.

General Fund Budgetary Highlights

The Town's General Fund expenditures plus encumbrances totaled \$116,519. Unexpended appropriations in general government, public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$3,158. Revenues were \$8,786 higher, which reflects reduced tax collection assumptions, favorable nontax revenue experience, conservative estimates, and higher than anticipated special education grant revenue.

The Town's General Fund balance of \$41,665 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, 2021, the Town had \$205,641 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 \$14,569 or 7.6%, over last year. This increase primarily reflects construction in progress increases associated with the renovation of the Walsh Intermediate School. 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	
	2021	2020
Land	\$ 17,131	\$ 17,106
Intangible assets	597	597
Land improvements	3,821	3,846
Buildings	76,642	78,483
Machinery and equipment	7,902	8,091
Construction in progress	74,726	57,939
Infrastructure	24,822	25,010
Total	\$ <u>205,641</u>	\$ <u>191,072</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 renovation and expansion of the animal shelter. Improvements to selected sewer pump stations and improvements to the collection system are ongoing. 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, 2021, the Town had \$90,355 in bonds and notes outstanding versus \$88,038 last year - an increase of \$2,317 or approximately 2.63%. The Town anticipates a reduction of bonded debt in future years as the cumulative debt retirements exceed the amount of new debt issued.

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.

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 acknowledged that the worst of the pandemic was behind us while recognizing the lingering uncertainty as to the long term economic impact. As in past years, town officials remained committed 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 unassigned 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 also provided a considerable increase in funding for the James Blackstone Memorial Library as part of an initiative that provides for the long term sustainability of the endowment.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$120,515,315 for 2021-2022, which represents an increase of \$1,647,585 or 1.4% as compared to the 2020-2021 amended budget. Increased property taxes of \$5,571,252 coupled with a decrease in appropriations from fund balance of (\$3,303,000) combined with non-tax revenue will fund the increase.

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, 2021

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 128,169,744
Investments	708,129
Receivables, net	18,993,026
Inventory	18,372
Prepaid items	334,221
Net OPEB asset	10,325,482
Capital assets not being depreciated	92,453,490
Capital assets being depreciated, net of accumulated depreciation	<u>113,187,272</u>
Total assets	<u>364,189,736</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	14,748,247
Deferred outflows related to OPEB	716,054
Deferred charge on refunding	<u>112,661</u>
Total deferred outflows of resources	<u>15,576,962</u>
Liabilities:	
Accounts and other payables	12,900,137
Unearned revenue	5,418,901
Other	81,699
Noncurrent liabilities:	
Due within one year	9,588,098
Due in more than one year	<u>133,974,628</u>
Total liabilities	<u>161,963,463</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	6,497,302
Deferred inflows related to OPEB	8,618,132
Advance property tax collections	<u>10,635,310</u>
Total deferred inflows of resources	<u>25,750,744</u>
Net Position:	
Net investment in capital assets	119,761,338
Restricted for Trusts:	
Capital projects	31,302,197
Unspent grant balances	13,120,961
Housing Loans	292,044
Sewer Assessments	498,838
OPEB Assets	10,325,482
Expendable	234,276
Nonexpendable	100,730
Unrestricted	<u>16,416,625</u>
Total Net Position	<u>\$ 192,052,491</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, 2021**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
Governmental activities:					
General government	\$ 8,717,168	\$ 1,380,544	\$ 420,779	\$ -	\$ (6,915,845)
Public safety	24,908,240	4,397,480	842,874	-	(19,667,886)
Public works and highway	14,317,237	4,172,173	788,875	35,516	(9,320,673)
Parks, recreation and libraries	3,911,194	386,584	278,920	1,060,639	(2,185,051)
Health and human services	3,277,993	980,241	555,768	-	(1,741,984)
Education	72,316,124	4,086,954	12,723,106	6,292,462	(49,213,602)
Interest expense	2,387,901	-	-	-	(2,387,901)
Total	\$ 129,835,857	\$ 15,403,976	\$ 15,610,322	\$ 7,388,617	(91,432,942)
General revenues:					
Property taxes					108,879,034
Grants and contributions not restricted to specific programs					603,282
Unrestricted investment earnings					154,021
Miscellaneous					575,777
Total general revenues					<u>110,212,114</u>
Change in net position					18,779,172
Net Position at Beginning of Year, as restated					<u>173,273,319</u>
Net Position at End of Year					<u>\$ 192,052,491</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>ARPA Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 62,549,449	\$ 25,805,930	\$ 4,128,511	\$ 17,196,086	\$ 109,679,976
Investments	-	-	-	708,129	708,129
Receivables, net	8,859,501	7,567,776	-	2,374,338	18,801,615
Due from other funds	-	6,576,502	-	133,863	6,710,365
Inventories	-	-	-	18,372	18,372
Other assets	234,221	-	-	-	234,221
	<u>234,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,221</u>
Total Assets	\$ <u>71,643,171</u>	\$ <u>39,950,208</u>	\$ <u>4,128,511</u>	\$ <u>20,430,788</u>	\$ <u>136,152,678</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 5,938,758	\$ 5,211,484	\$ -	\$ 892,721	\$ 12,042,963
Due to other funds	4,791,314	-	-	1,994,557	6,785,871
Unearned revenue	883,440	-	4,128,511	451,193	5,463,144
Other	81,699	-	-	-	81,699
Total liabilities	<u>11,695,211</u>	<u>5,211,484</u>	<u>4,128,511</u>	<u>3,338,471</u>	<u>24,373,677</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	5,123,990	-	-	-	5,123,990
Unavailable revenue - interest on property taxes	2,523,942	-	-	-	2,523,942
Unavailable revenue - special assessments	-	-	-	498,838	498,838
Unavailable revenue - grants receivable	-	6,121,826	-	307,293	6,429,119
Unavailable revenue - loans receivable	-	-	-	292,044	292,044
Advance property tax collections	10,635,310	-	-	-	10,635,310
Total deferred inflows of resources	<u>18,283,242</u>	<u>6,121,826</u>	<u>-</u>	<u>1,098,175</u>	<u>25,503,243</u>
Fund Balances:					
Nonspendable	234,221	-	-	119,102	353,323
Restricted	-	28,616,898	-	9,611,417	38,228,315
Committed	482,584	-	-	6,600,213	7,082,797
Assigned	4,802,618	-	-	-	4,802,618
Unassigned	36,145,295	-	-	(336,590)	35,808,705
Total fund balances	<u>41,664,718</u>	<u>28,616,898</u>	<u>-</u>	<u>15,994,142</u>	<u>86,275,758</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>71,643,171</u>	\$ <u>39,950,208</u>	\$ <u>4,128,511</u>	\$ <u>20,430,788</u>	\$ <u>136,152,678</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021

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)	\$	86,275,758
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	354,826,722	
Less accumulated depreciation		<u>(149,185,960)</u>	
Net capital assets			205,640,762

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	5,123,990
Interest receivable on property taxes	2,523,942
Assessments receivable	498,838
Housing loans receivable	292,044
School construction grant receivable	6,429,119
Deferred outflows relating to pensions	14,748,247
Deferred outflows relating to OPEB	716,054

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.

13,727,798

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	(39,842,486)
Net OPEB asset	10,325,482
Deferred inflows relating to pensions	(6,497,302)
Deferred inflows relating to OPEB	(8,618,132)
Bonds and notes payable	(90,355,000)
Interest payable on bonds and notes	(795,270)
Compensated absences	(3,547,854)
Notes payable	(125,000)
Bond premium	(3,697,660)
Deferred charge on refunding	112,661
Landfill	<u>(883,500)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>192,052,491</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	General	Capital Projects	ARPA Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 108,177,390	\$ -	\$ -	\$ -	\$ 108,177,390
Assessments and interest	-	-	-	3,079,222	3,079,222
Intergovernmental	11,654,134	7,300,778	-	6,711,093	25,666,005
Charges for services	5,110,647	-	-	2,770,203	7,880,850
Income on investments	80,884	7,459	-	41,224	129,567
Miscellaneous	2,149,277	1,213,855	-	490,616	3,853,748
Total revenues	<u>127,172,332</u>	<u>8,522,092</u>	<u>-</u>	<u>13,092,358</u>	<u>148,786,782</u>
Expenditures:					
Current:					
General government	5,169,712	10,000	-	88,156	5,267,868
Public safety	13,965,539	-	-	891,059	14,856,598
Public works and highway	5,925,153	-	-	3,610,103	9,535,256
Parks, recreation and libraries	2,848,490	54,135	-	206,139	3,108,764
Health and human services	630,322	-	-	2,107,341	2,737,663
Education	66,229,226	-	-	5,567,690	71,796,916
Pension and insurance	14,163,868	-	-	-	14,163,868
Capital outlay	-	21,198,536	-	100,000	21,298,536
Debt service	7,690,465	32,416	-	-	7,722,881
Total expenditures	<u>116,622,775</u>	<u>21,295,087</u>	<u>-</u>	<u>12,570,488</u>	<u>150,488,350</u>
Excess (Deficiency) of Revenues over Expenditures	<u>10,549,557</u>	<u>(12,772,995)</u>	<u>-</u>	<u>521,870</u>	<u>(1,701,568)</u>
Other Financing Sources (Uses):					
Transfers in	1,325,079	6,886,558	-	2,037,410	10,249,047
Transfers out	(7,520,768)	(1,453,687)	-	(1,274,592)	(10,249,047)
Proceeds from bond issuance	-	7,705,000	-	-	7,705,000
Bond premiums	-	1,328,978	-	-	1,328,978
Refunding bond premiums	558,607	-	-	-	558,607
Proceeds from refunding bond issuance	5,400,000	-	-	-	5,400,000
Payments to escrow agents	(5,900,027)	-	-	-	(5,900,027)
Total other financing sources (uses)	<u>(6,137,109)</u>	<u>14,466,849</u>	<u>-</u>	<u>762,818</u>	<u>9,092,558</u>
Net Change in Fund Balances	4,412,448	1,693,854	-	1,284,688	7,390,990
Fund Balances at Beginning of Year, as restated	<u>37,252,270</u>	<u>26,923,044</u>	<u>-</u>	<u>14,709,454</u>	<u>78,884,768</u>
Fund Balances at End of Year	<u>\$ 41,664,718</u>	<u>\$ 28,616,898</u>	<u>\$ -</u>	<u>\$ 15,994,142</u>	<u>\$ 86,275,758</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, 2021

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) \$ 7,390,990

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	20,309,114
Depreciation expense	(5,533,917)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (206,493)

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	311,979
Property tax interest and lien revenue - accrual basis change	389,665
Sewer assessment receivable - accrual basis change	229
Grant receivable - accrual basis change	(898,080)
Change in deferred outflows relating to pensions	(3,560,538)
Change in deferred outflows relating to OPEB	(2,055,021)

Change in pension and OPEB assets and liabilities:

Change in net OPEB liability	294,647
Change in net OPEB asset	10,325,482
Change in net pension liability	2,673,228

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	(13,105,000)
Bond and note principal payments	10,787,636
Notes payable principal payments	125,000
Bond issuance premium	(1,887,585)

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	812,985
Accrued interest	(335,822)
Amortization of deferred charge on refunding	(56,332)
Amortization of bond premiums	714,525
Change in deferred inflows relating to pensions	(3,342,711)
Change in deferred inflows relating to OPEB	(6,571,941)

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. 2,197,132

Change in Net Position of Governmental Activities (Exhibit II) \$ 18,779,172

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2021**

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 18,489,768
Accounts receivable	191,411
Prepaid expenses	100,000
Due from other funds	<u>75,506</u>
Total assets	<u>18,856,685</u>
Liabilities:	
Accounts and other payables	17,661
Risk management claims	<u>5,111,226</u>
Total liabilities	<u>5,128,887</u>
Net Position:	
Unrestricted	<u><u>\$ 13,727,798</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, 2021**

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Contributions for benefits	\$ 15,924,638
Other	10,582
Total contributions	<u>15,935,220</u>
Operating Expenses:	
Benefit claims	11,457,526
Claims administration	2,305,016
Total operating expenses	<u>13,762,542</u>
Operating Income	2,172,678
Nonoperating Revenue:	
Income on investments	<u>24,454</u>
Change in Net Position	2,197,132
Net Position at Beginning of Year	<u>11,530,666</u>
Net Position at End of Year	<u>\$ 13,727,798</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 15,877,065
Cash payments to providers of benefits and administration	(20,615,877)
Net cash provided by (used in) operating activities	<u>(4,738,812)</u>
Cash Flows from Investing Activities:	
Income on investments	<u>24,454</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(4,714,358)
Cash and Cash Equivalents at Beginning of Year	<u>23,204,126</u>
Cash and Cash Equivalents at End of Year	<u>\$ 18,489,768</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 2,172,678
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	(62,347)
Increase (decrease) in accounts payable	(77,722)
Increase (decrease) in due to other funds	<u>(6,771,421)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (4,738,812)</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, 2021**

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Shoreline Crimes Fund
Assets:		
Cash and cash equivalents	\$ 1,321,747	\$ 4,681
Investments	<u>67,833,008</u>	
Total assets	<u>69,154,755</u>	<u>\$ 4,681</u>
Liabilities:		
Accounts payable	\$ <u>20,247</u>	\$ <u>-</u>
Net Position:		
Held in Trust for Pension or Retiree Benefits	69,134,508	
Held for the shorelines technical crimes group		<u>4,681</u>
Total net position	<u>\$ 69,134,508</u>	<u>\$ 4,681</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, 2021

	Pension and Other Employee Benefit Trust Funds	Custodial Fund Shoreline Crimes Fund
Additions:		
Contributions:		
Employer	\$ 4,050,038	\$ -
Plan members	372,327	-
Intergovernmental revenue	-	15,000
Total contributions	<u>4,422,365</u>	<u>15,000</u>
Net investment income	<u>10,607,618</u>	<u>-</u>
Total additions	<u>15,029,983</u>	<u>15,000</u>
Deductions:		
Benefits	4,190,941	-
Public safety	<u>-</u>	<u>14,256</u>
Total deductions	<u>4,190,941</u>	<u>14,256</u>
Net Increase in Net Position	10,839,042	744
Net Position at Beginning of Year, as restated	<u>58,295,466</u>	<u>3,937</u>
Net Position at End of Year	<u>\$ 69,134,508</u>	<u>\$ 4,681</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.

Fiduciary Component Units

The Pension and Other Post-Employment (OPEB) plans were established to provide retirement benefits and postretirement health care benefits primarily to employees and their beneficiaries. Included in the Pension and OPEB Trust fund are two pension plans and one OPEB plan.

The financial statements of the fiduciary component units are presented using the accrual basis of accounting and are reported as Pension and OPEB Trust Funds in the fiduciary fund financial statements. Separate financial statements have not been prepared for the Fiduciary component units.

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.

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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.

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 ARPA Fund is used to account for the ARPA grant and related activity. The Town of Branford is scheduled to receive \$8,257,021 in funding through the American Rescue Plan Act. The town is designated as a Non Entitlement Unit (NEU) since Branford's population is under 50,000. Funding for NEU's is distributed through the State of Connecticut's Office of Policy and Management. For the period ending June 30, 2021 the town has received \$4,128,511.

The US Treasury has released a series of guidelines which identify five major expenditure categories of uses. 1) Public Health, 2) Negative Economic Impacts, 3) Investments in Water and Sewer, 4) Investments in broadband, 5) Revenue Loss.

The town has elected the standard allowance for revenue loss up to the full allocation. The revenue loss allowance can be used to fund what is broadly defined in the regulations as "government services". These services closely align with found in the town's operating budget. The town has established a separate fund to account for these dollars with an intent to allocate funds in a manner that mirrors the town's budget process.

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 Custodial Fund accounts for money held on behalf of the Shoreline Crimes Group.

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

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.

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

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.

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, excluding Certificates of Deposit which are reported at amortized cost.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

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

G. Capital Assets

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

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

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

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.

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, 2021 the Town approved additional appropriations of \$1,660,487, \$785,487 from unanticipated revenues and \$875,000 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."

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.

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

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*, \$38,973,606 of the Town’s bank balance of \$50,939,625 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 6,427,931
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>32,545,675</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 38,973,606</u>

Cash Equivalents

At June 30, 2021, the Town’s cash equivalents amounted to \$80,485,072. 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.

	<u>Standard & Poor’s</u>
State Short-Term Investment Fund (STIF)	AAAm

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

Investments

As of June 30, 2021, 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	\$ 3,504,755	\$ -	\$ 2,810,918	\$ 693,837
Other debt securities	AAA	1,252,127	-	159,271	1,092,856
Municipal bonds	A-AAA	779,181	-	620,816	158,365
Corporate bonds	BBB+-AAA	12,203,362	172,274	11,178,482	852,606
Subtotal			\$ 172,274	\$ 14,769,487	\$ 2,797,664
Other investments:					
Common stock	N/A	2,993,511			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	47,808,201			
Total		\$ 68,541,137			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A: Not applicable

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, 2021:

	June 30, 2021	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 3,504,755	\$ 3,504,755	\$ -	\$ -
U.S. Government agencies	1,252,127	-	1,252,127	-
Corporate / municipal bonds	12,982,543	-	12,982,543	-
Common stock	2,993,511	2,993,511	-	-
Mutual funds	47,808,201	47,808,201	-	-
Total investments by fair value level	68,541,137	\$ 54,306,467	\$ 14,234,670	\$ -
Total Investments	\$ 68,541,137			

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.

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

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, 2021, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 2,523,942	\$ -	\$ -	\$ 2,523,942
Taxes	6,101,331	-	-	6,101,331
Accounts	591,582	-	484,997	1,076,579
Special assessments	-	-	488,957	488,957
Intergovernmental	<u>156,263</u>	<u>7,567,776</u>	<u>1,591,795</u>	<u>9,315,834</u>
Gross receivables	9,373,118	7,567,776	2,565,749	19,506,643
Less allowance for uncollectibles	<u>(513,617)</u>	<u>-</u>	<u>-</u>	<u>(513,617)</u>
Net Total Receivables	<u>\$ 8,859,501</u>	<u>\$ 7,567,776</u>	<u>\$ 2,565,749</u>	<u>\$ 18,993,026</u>

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

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 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	\$ 17,106,478	\$ 24,386	\$ -	\$ -	\$ 17,130,864
Intangible assets	596,800	-	-	-	596,800
Construction in progress	57,939,006	17,702,200	(782,314)	(133,066)	74,725,826
Total capital assets not being depreciated	<u>75,642,284</u>	<u>17,726,586</u>	<u>(782,314)</u>	<u>(133,066)</u>	<u>92,453,490</u>
Capital assets being depreciated:					
Buildings and improvements	131,414,869	993,677	93,835	(293,685)	132,208,696
Improvements other than buildings	5,759,803	240,450	-	-	6,000,253
Machinery and equipment	29,922,835	1,105,749	45,000	(116,638)	30,956,946
Infrastructure	92,321,206	242,652	643,479	-	93,207,337
Total capital assets being depreciated	<u>259,418,713</u>	<u>2,582,528</u>	<u>782,314</u>	<u>(410,323)</u>	<u>262,373,232</u>
Less accumulated depreciation for:					
Buildings and improvements	52,931,985	2,854,248	-	(220,258)	55,565,975
Improvements other than buildings	1,913,969	265,676	-	-	2,179,645
Machinery and equipment	21,831,644	1,340,354	-	(116,638)	23,055,360
Infrastructure	67,311,341	1,073,639	-	-	68,384,980
Total accumulated depreciation	<u>143,988,939</u>	<u>5,533,917</u>	<u>-</u>	<u>(336,896)</u>	<u>149,185,960</u>
Total capital assets being depreciated, net	<u>115,429,774</u>	<u>(2,951,389)</u>	<u>782,314</u>	<u>(73,427)</u>	<u>113,187,272</u>
Governmental Activities Capital Assets, Net	<u>\$ 191,072,058</u>	<u>\$ 14,775,197</u>	<u>\$ -</u>	<u>\$ (206,493)</u>	<u>\$ 205,640,762</u>

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

Governmental activities:	
General government	\$ 168,130
Public safety	978,398
Public works	2,488,791
Parks, recreation and libraries	283,687
Health and welfare	174,237
Education	<u>1,440,674</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,533,917</u>

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

Active Capital Projects

The Town has active projects as of June 30, 2021. 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
School Ground Road Bridge	4,975,000	4,198,523	-	776,477
Land Acquisition Fund	1,560,276	1,375,903	-	184,373
Pump Station Upgrades	2,500,000	2,260,998	-	239,002
Harbor Street Culvert Repairs	2,200,000	1,939,703	-	260,297
Community Center Improvements	12,115,000	12,062,446	728	51,826
Branford Hills Demolition	300,000	300,000	-	-
BOE Bathroom Renovations	150,000	103,483	-	46,517
Walsh Intermediate School Renovations	88,200,000	75,750,314	5,036,624	7,413,062
Linden Avenue Shoreline Stabilization	1,200,000	118,321	10,267	1,071,412
Branford High School Locker Room Renovation	300,000	247,596	52,404	-
Energy Performance Contract	6,200,000	6,006,657	99,522	93,821
Indian Neck Firehouse Renovations	1,675,000	1,624,120	21,873	29,007
James Blackstone Memorial Library Renovation:	5,745,000	5,646,728	54,281	43,991
BHS Tennis Court Replacement	252,400	252,400	-	-
Forcemain & Sewer Rehabilitation Projects	3,975,000	773,619	33,600	3,167,781
Main Street Reconstruction	2,750,000	-	-	2,750,000
Town Wide Drainage Improvements	500,000	17,526	14,100	468,374
Stony Creek Wharf Reconstruction	350,000	12,000	-	338,000
East Industrial Road Reconstruction	1,750,000	-	-	1,750,000

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund, interfund receivable and payable balances at June 30, 2021 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 133,863
Internal Service Fund	Nonmajor Governmental Funds	75,506
Capital Projects Fund	General Fund	4,657,451
Capital Projects Fund	Nonmajor Governmental Funds	<u>1,919,051</u>
Total		<u>\$ 6,785,871</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	\$ -	\$ 6,311,558	\$ 1,209,210	\$ 7,520,768
Capital Projects	625,487	-	828,200	1,453,687
Nonmajor Governmental	699,592	575,000	-	1,274,592
Total Transfers In	\$ 1,325,079	\$ 6,886,558	\$ 2,037,410	\$ 10,249,047

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, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 82,100,000	\$ 13,105,000	\$ 4,850,000	\$ 90,355,000	\$ 6,815,000
Clean water notes	5,937,636	-	5,937,636	-	-
Bond premiums	2,524,600	1,887,585	714,525	3,697,660	-
Total bonds and notes payable	90,562,236	14,992,585	11,502,161	94,052,660	6,815,000
Landfill closure	883,500	-	-	883,500	35,000
Net pension liability	42,515,714	-	2,673,228	39,842,486	-
Net OPEB liability	294,647	-	294,647	-	-
Compensated absences	4,360,839	-	812,985	3,547,854	208,929
Risk management claims	5,192,238	11,457,526	11,538,538	5,111,226	2,404,169
Notes payable	250,000	-	125,000	125,000	125,000
Total Governmental Activities Long-Term Liabilities	\$ 144,059,174	\$ 26,450,111	\$ 26,946,559	\$ 143,562,726	\$ 9,588,098

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

A schedule of bonds and notes outstanding at June 30, 2021 is presented below:

	Balance June 30, 2020	Issued	Retired	Balance June 30, 2021
General Obligation:				
School, 2.0-5.0%, mature in 2022	\$ 609,000	\$ -	\$ 219,000	\$ 390,000
School, 2.0-5.0%, mature in 2032	7,465,000	-	705,000	6,760,000
School, 2.0-4.0%, mature in 2038	11,830,000	-	670,000	11,160,000
School, 1.0-5.0%, mature in 2038	-	2,925,000	-	2,925,000
School, 2.0-5.0%, mature in 2039	39,000,000	-	-	39,000,000
Public improvement sewer, 2.0-5.0%, mature in 2012	7,091,000	-	2,581,000	4,510,000
Public improvement, 2.0-4.0%, mature in 2032	4,105,000	-	335,000	3,770,000
Public improvement sewer, 2.0-4.0%, mature in 2038	5,220,000	-	280,000	4,940,000
Public improvement sewer, 1.0-5.0%, mature in 2038	-	2,360,000	-	2,360,000
Public improvement sewer, 2.0-5.0%, mature in 2039	6,000,000	-	-	6,000,000
Sewer, 2.0-4.0%, mature in 2032	780,000	-	60,000	720,000
Sewer, 1.0-5.0%, mature in 2038	-	2,420,000	-	2,420,000
Sewer, 5.0%, mature in 2025	-	5,400,000	-	5,400,000
Total Bonds	82,100,000	13,105,000	4,850,000	90,355,000
State of Connecticut, CWF, 2%, mature in 2022	2,557,549	-	2,557,549	-
State of Connecticut, CWF, 2% mature in 2027	2,333,369	-	2,333,369	-
State of Connecticut, CWF, 2% mature in 2028	1,046,718	-	1,046,718	-
Total Bonds and Notes	\$ 88,037,636	\$ 13,105,000	\$ 10,787,636	\$ 90,355,000

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

General Obligation Refunding Bonds

On July 1, 2020, the Town issued \$5,400,000 of general obligation refunding bonds with an interest rate between 1%-5%. The bonds were issued to refund \$5,899,557 aggregate principal amounts outstanding of certain Town outstanding project loan obligations with the State of Connecticut. The net proceeds of \$5,900,026 (after an original issue premium of \$558,607 and payment of \$58,580 in underwriter's fees and other issuance costs) were paid directly to the State of Connecticut. The Town refunded the above bonds to reduce total debt service payments over 8 years by \$195,571 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$169,739. As of June 30, 2021, there is no defeased debt outstanding from this refunding. This amount is removed from the governmental activities column of the statement of net position.

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>
2022	\$ 6,815,000	\$ 2,653,875	\$ 9,468,875
2023	7,140,000	2,325,500	9,465,500
2024	5,685,000	2,024,875	7,709,875
2025	5,890,000	1,764,500	7,654,500
2026	5,140,000	1,582,550	6,722,550
2027-2031	26,020,000	6,066,495	32,086,495
2032-2036	22,585,000	2,906,544	25,491,544
2037-2041	11,080,000	464,899	11,544,899
Total	<u>\$ 90,355,000</u>	<u>\$ 19,789,238</u>	<u>\$ 110,144,238</u>

General Obligation Bonds and Notes

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

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

<u>Category</u>	<u>(In Thousands)</u>		
	<u>Debt Limit</u>	<u>Indebtedness</u>	<u>Balance</u>
General purpose	\$ 240,208	\$ 29,673	\$ 210,535
Schools	480,416	70,041	410,375
Sewers	400,346	9,805	390,541
Urban renewal	346,967	-	346,967
Pension deficit	320,277	-	320,277

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$747,313.

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

Notes Payable

The Town has entered into a multi-year note payable for the energy efficiency projects. Principal payments for 2021 were \$125,000. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 are as follows:

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

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.

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

The claims liability of \$3,192,678 reported in the Internal Service Fund at June 30, 2021 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

		Liability		Current Year		Claim		Liability
		July 1,		Claims		Payments		June 30,
		<u>July 1,</u>		<u>and Changes</u>		<u>in Estimates</u>		<u>June 30,</u>
		<u>July 1,</u>		<u>and Changes</u>		<u>in Estimates</u>		<u>June 30,</u>
2019-2020	\$	3,366,297	\$	577,116	\$	711,513	\$	3,231,900
2020-2021		3,231,900		707,930		747,152		3,192,678

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 \$1,110,718 at June 30, 2021 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:

		Liability		Current Year		Claim		Liability
		July 1,		Claims		Payments		June 30,
		<u>July 1,</u>		<u>and Changes</u>		<u>in Estimates</u>		<u>June 30,</u>
		<u>July 1,</u>		<u>and Changes</u>		<u>in Estimates</u>		<u>June 30,</u>
2019-2020	\$	1,457,193	\$ \$	-	\$	239,855	\$	1,217,338
2020-2021		1,217,338		-		106,620		1,110,718

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 \$807,830 at June 30, 2021 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:

		Liability		Current Year		Claim		Liability
		July 1,		Claims		Payments		June 30,
		<u>July 1,</u>		<u>and Changes</u>		<u>in Estimates</u>		<u>June 30,</u>
		<u>July 1,</u>		<u>and Changes</u>		<u>in Estimates</u>		<u>June 30,</u>
2019-2020	\$	1,059,000	\$	10,316,182	\$	10,632,182	\$	743,000
2020-2021		743,000		10,749,596		10,684,766		807,830

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 post-closure passive recreational use of the landfill.

**TOWN OF BRANFORD, CONNECTICUT
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The Town maintains a special fund for the closure of the landfill. The fund has a balance of \$242 after deducting the closure contract 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 post-closure activity is \$35,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes, improvements to storm water 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 post-closure monitoring costs.

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover, Demolition and Grading Cost	\$ 8,500
Postclosure Care Costs (25 years):	
Inspection and Maintenance of Final Cover (\$12,000 annually)	300,000
Monitoring Program, Groundwater, Methane and Stormwater (\$23,000 annually)	<u>575,000</u>
Total	<u>\$ 883,500</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, 2021 as reflected in BRRFOC's financial statements is \$1.15 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.

**TOWN OF BRANFORD, CONNECTICUT
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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.

Summary of Significant Accounting Policies

Basis of Accounting

Financial statements are prepared using the accrual basis of accounting for the two 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.

**TOWN OF BRANFORD, CONNECTICUT
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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, 2019 and January 1, 2021, 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	49	14
Terminated employees entitled to benefits but not yet receiving them	4	-
Active plan members	<u>53</u>	<u>223</u>
Total Participants	<u>106</u>	<u>237</u>

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

Asset Class	Target Allocation
Large Cap Domestic Equity	14.50%
Mid Cap Domestic Equity	5.50%
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	<u>2.00%</u>
Total	<u>100.00%</u>

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

Volunteer Fire Department Pension Plan

<u>Asset Class</u>	<u>Target Allocation</u>
Large Cap Domestic Equity	14.50%
Mid Cap Domestic Equity	5.50%
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	<u>2.00%</u>
Total	<u><u>100.00%</u></u>

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 23.10% and 23.07% for the Police employee's retirement plan and the volunteer fire department pension plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deferred Retirement Option Program

The police employee's retirement plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2021, three officers have elected the DROP and the DROP balance was \$327,554.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2021 were as follows:

	<u>Police Employees Retirement Plan</u>	<u>Volunteer Fire Department Pension Plan</u>
Total pension liability	\$ 37,281,216	\$ 1,552,746
Plan fiduciary net position	<u>30,141,970</u>	<u>1,494,993</u>
Net Pension Liability	<u>\$ 7,139,246</u>	<u>\$ 57,753</u>
Plan fiduciary net position as a percentage of the total pension liability	80.85%	96.28%

**TOWN OF BRANFORD, CONNECTICUT
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Actuarial Assumptions

Police Employees Retirement Plan

The total pension liability was determined by an actuarial valuation as of July 1, 2019, 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-2019.

Volunteer Fire Department Pension Plan

The total pension liability was determined by an actuarial valuation as of January 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

Police Employees Retirement Plan 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. Volunteer Fire Department Pension Plan pre-retirement mortality rates were based on the Pub-2010 (B) Public Retirement Plans Headcount Weighted Mortality Tables for Safety employees, for nonannuitants and annuitants, projected to the valuation date with Scale MP-2021.

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, 2021 (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	4.50%
Mid Cap Domestic Equity	5.00%
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**

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	5.00%
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%

Changes in the Net Pension Liability

	<u>Police Employees Retirement Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of June 30, 2020	\$ 37,017,523	\$ 25,221,496	\$ 11,796,027
Changes for the year:			
Service cost	715,518	-	715,518
Interest on total pension liability	2,362,619	-	2,362,619
Changes of benefit terms	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	1,560,019	(1,560,019)
Member contributions	-	372,327	(372,327)
Net investment income (loss)	-	5,802,572	(5,802,572)
Benefit payments, including refund to employee contributions	(2,814,444)	(2,814,444)	-
Net changes	<u>263,693</u>	<u>4,920,474</u>	<u>(4,656,781)</u>
Balances as of June 30, 2021	<u>\$ 37,281,216</u>	<u>\$ 30,141,970</u>	<u>\$ 7,139,246</u>

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

	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, 2020	\$ 1,539,774	\$ 1,160,141	\$ 379,633
Changes for the year:			
Service cost	23,708	-	23,708
Interest on total pension liability	100,523	-	100,523
Differences between expected and actual experience	(74,479)	-	(74,479)
Changes in assumptions	(2,302)	-	(2,302)
Employer contributions	-	87,000	(87,000)
Net investment income (loss)	-	282,330	(282,330)
Benefit payments, including refund to employee contributions	(34,478)	(34,478)	-
Net changes	12,972	334,852	(321,880)
Balances as of June 30, 2021	\$ 1,552,746	\$ 1,494,993	\$ 57,753

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:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Police Employees Retirement Plan	\$ 11,336,581	\$ 7,139,246	\$ 3,623,276
Volunteer Fire Department Pension Plan	\$ 314,871	\$ 57,753	\$ (151,602)

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.

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

Pension Plan Fiduciary Net Position

	Pension Trust Funds		
	Police Pension Trust Fund	Volunteer Fire Department Pension Trust Fund	Total Pension Trust Funds
Assets:			
Cash and cash equivalents	\$ 848,730	\$ 38,605	\$ 887,335
Investments	29,293,240	1,456,388	30,749,628
Accounts receivable	-	-	-
Total assets	<u>30,141,970</u>	<u>1,494,993</u>	<u>31,636,963</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 30,141,970</u>	<u>\$ 1,494,993</u>	<u>\$ 31,636,963</u>

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	\$ 1,560,019	\$ 87,000	\$ 1,647,019
Plan members	372,327		372,327
Total contributions	<u>1,932,346</u>	<u>87,000</u>	<u>2,019,346</u>
Net investment income	<u>5,802,572</u>	<u>282,330</u>	<u>6,084,902</u>
Total additions	7,734,918	369,330	8,104,248
Deductions:			
Benefits	<u>2,814,444</u>	<u>34,478</u>	<u>2,848,922</u>
Net Increase in Net Position	4,920,474	334,852	5,255,326
Net Position at Beginning of Year	<u>25,221,496</u>	<u>1,160,141</u>	<u>26,381,637</u>
Net Position at End of Year	<u>\$ 30,141,970</u>	<u>\$ 1,494,993</u>	<u>\$ 31,636,963</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, 2021, the Town recognized pension expense of \$1,451,825. \$1,425,019 for the Police plan and \$26,806 for the Volunteer Fire plan. At June 30, 2021, 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	\$ 55,554	\$ -
Changes of assumptions	17,236	139,532
Net difference between projected and actual earning on pension plan investments	-	2,011,249
Total	\$ 72,790	\$ 2,150,781

	Volunteer Fire Department Pension	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 113,753
Changes of assumptions	82,700	2,163
Net difference between projected and actual earning on pension plan investments	-	106,321
Total	\$ 82,700	\$ 222,237

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>
2022	\$ (233,940)	\$ (18,827)
2023	(460,517)	(24,611)
2024	(526,567)	(27,720)
2025	(856,967)	(43,011)
2026	-	(1,962)
Thereafter	-	(23,406)

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

B. 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.

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.

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

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, 2021, the Town reports a liability of \$32,645,487 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at June 30, 2020. The actuarial assumptions used in the June 30, 2019 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, 2021, the Town's proportion was 2.93%. The decrease in proportion from the prior year was 0.01%.

For the year ended June 30, 2021, the Town recognized pension expense of \$8,018,229. At June 30, 2021, 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	\$ 3,488,893	\$ -
Change in proportional share	537,897	462,712
Change in assumptions	5,153,839	-
Differences between expected and actual experience	2,088,118	3,661,572
Net difference between projected and actual earnings on pension plan investments	<u>3,324,010</u>	<u>-</u>
Total	<u>\$ 14,592,757</u>	<u>\$ 4,124,284</u>

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

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

2022	\$	2,964,262
2023		3,478,251
2024		137,753
2025		<u>399,314</u>
Total	\$	<u><u>6,979,580</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2020, 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.

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%.

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

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.

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	\$ 46,523,175	\$ 32,645,487	\$ 21,018,506

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

C. 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.

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.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$7,641,976 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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

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, 2020, 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>119,142,154</u>
Total	\$	<u>119,142,154</u>

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2021, the Town recognized pension expense and revenue of \$17,066,548 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, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.00-6.50%, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending June 30, 2019.

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

Cost-of-Living Allowance

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%.

Long-Term Rate of Return

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

<u>Asset Class</u>	<u>Expected Return</u>		<u>Target Allocation</u>	
Domestic Equity Fund	5.60	%	20.00	%
Developed Market Intl. Stock Fund	6.00		11.00	
Emerging Market Intl. Stock Fund	7.90		9.00	
Core Fixed Income Fund	2.10		16.00	
Inflation Linked Bond Fund	1.10		5.00	
Emerging Market Debt Fund	2.70		5.00	
High Yield Bond Fund	4.00		6.00	
Real Estate Fund	4.50		10.00	
Private Equity	7.30		10.00	
Alternative Investments	2.90		7.00	
Liquidity Fund	0.40		<u>1.00</u>	
Total			<u>100.00</u>	%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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. Separate financial statements are not prepared for the Police Employees Retirement Plan and the Volunteer Fire Department Pension Plan.

Other Information

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

12. OTHER POSTEMPLOYMENT BENEFITS

A. Retiree Health Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

Plan Description

The Town, in accordance with various collective bargaining agreements, is committed to providing health and other benefits to certain eligible retirees and their spouses under a single employer plan. The Retirement Benefit Program covers Town, Board of Education, Police and Fire employees. Retired

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

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, 2020, plan membership consisted of the following:

	Post-Retirement Medical Program
Retired members and spouses	67
Active plan members	575
	<hr/>
Total Participants	642
	<hr/> <hr/>

Funding Policy

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

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

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

Investments

Investment Policy

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

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

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 14.16%. 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, 2021. The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB liability	\$	27,172,063
Plan fiduciary net position		<u>37,497,545</u>
Net OPEB Liability	\$	<u><u>(10,325,482)</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		138.00%

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%, prior 2.60%
Salary increases	3.40%, average, including inflation, prior 3.60%
Investment rate of return	6.50%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.50% for 2020, decreasing 0.5% per year to an ultimate rate of 4.40% for 2024 and later years. Prior, 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 Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021. 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, 2020 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, 2021 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 %	5.25 %
U.S. Mid/Small Cap Equity	11.00	5.75
Developed International Equity	12.50	5.75
Emerging Markets Equity	8.50	7.75
Intermediate Corp Fixed Income	18.00	1.75
Intermediate Govt Fixed Income	18.00	0.75
High Yield Fixed Income	8.00	4.00
Cash	1.00	0.00
REITs	3.25	5.75
Commodities (MLPs)	5.25	3.75
Total	<u>100.00 %</u>	

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

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.

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, 2020	\$ 32,208,476	\$ 31,913,829	\$ 294,647
Changes for the year:			
Service cost	1,053,546	-	1,053,546
Interest on total OPEB liability	2,119,102	-	2,119,102
Differences between expected and actual experience	(2,911,119)	-	(2,911,119)
Changes of assumption	(3,955,923)	-	(3,955,923)
Employer contributions	-	2,346,149	(2,346,149)
Contributions - TRB subsidy	-	56,870	(56,870)
Net investment income (loss)	-	4,522,716	(4,522,716)
Benefit payments	(1,342,019)	(1,342,019)	-
Net changes	(5,036,413)	5,583,716	(10,620,129)
Balances as of June 30, 2021	\$ 27,172,063	\$ 37,497,545	\$ (10,325,482)

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	\$ (6,743,737)	\$ (10,325,482)	\$ (13,294,684)

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

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

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

	1% Decrease (5.50% decreasing to 3.40%)	Healthcare Cost Trend Rates (6.50% decreasing to 4.40%)	1% Increase (7.50% decreasing to 5.40%)
Net OPEB Liability	\$ (13,849,688)	\$ (10,325,482)	\$ (5,969,405)

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$352,982. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,977	\$ 4,483,251
Changes of assumptions	667,077	3,620,675
Differences between projected and actual earnings on OPEB plan investments	<u>-</u>	<u>514,206</u>
Total	<u>\$ 716,054</u>	<u>\$ 8,618,132</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

2022	\$ (654,458)
2023	(722,084)
2024	(814,643)
2025	(1,202,825)
2026	(719,951)
Thereafter	(3,788,117)

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

Trust Fund Plan Fiduciary Net Position

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 887,335	\$ 434,412	\$ 1,321,747
Investments	30,749,628	37,083,380	67,833,008
Due from other funds	-	-	-
 Total assets	 31,636,963	 37,517,792	 69,154,755
Liabilities:			
Accounts payable	-	20,247	20,247
Net Position:			
Held in Trust for Pension or Retiree Benefits	\$ <u>31,636,963</u>	\$ <u>37,497,545</u>	\$ <u>69,134,508</u>

Changes in Trust Fund Net Position

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,647,019	\$ 2,403,019	\$ 4,050,038
Plan members	372,327	-	372,327
Other	-	-	-
Total contributions	<u>2,019,346</u>	<u>2,403,019</u>	<u>4,422,365</u>
 Net investment income	 <u>6,084,902</u>	 <u>4,522,716</u>	 <u>10,607,618</u>
 Total additions	 8,104,248	 6,925,735	 15,029,983
Deductions:			
Benefits	<u>2,848,922</u>	<u>1,342,019</u>	<u>4,190,941</u>
 Change in Net Position	 5,255,326	 5,583,716	 10,839,042
 Net Position at Beginning of Year	 <u>26,381,637</u>	 <u>31,913,829</u>	 <u>58,295,466</u>
 Net Position at End of Year	 <u>\$ 31,636,963</u>	 <u>\$ 37,497,545</u>	 <u>\$ 69,134,508</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.

For the year ended June 30, 2021, the amount of "on-behalf" contributions made by the State was \$184,427 and is recognized in the General Fund as intergovernmental revenues and education expenditures.

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

Employees/Retirees

The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one-third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one-third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

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

At June 30, 2021, 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		17,770,057
		<hr/>
Total	\$	<u>17,770,057</u>

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as June 30, 2020. At June 30, 2021, the Town has no proportionate share of the net OPEB liability.

For the year ended June 30, 2021, the Town recognized OPEB expense and revenue of \$820,842 in Exhibit II.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Health care costs trend rate	5.125% for 2020, decreasing to an ultimate Rate of 4.50% by 2023
Salary increases	3.00-6.50%, including inflation
Investment rate of return	2.21%, net of OPEB plan investment expense, including inflation
Year fund net position will	

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 - June 30, 2019.

**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 (0.42%).

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. The projection of cash flows used to determine the discount rate assumed that total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.00%; 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. Annual State contributions were assumed to be equal to the most recent five-year average of State contributions to the fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2021 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, 2021 are as follows:

	Major Special Revenue Funds		Nonmajor Governmental Funds	Total
	General Fund	Capital Projects		
Fund balances:				
Nonspendable:				
Inventory	\$ -	\$ -	\$ 18,372	\$ 18,372
Prepaid items	234,221	-	-	234,221
Permanent fund principal	-	-	100,730	100,730
Restricted for:				
Capital projects	-	28,616,898	2,685,299	31,302,197
Unspent grant balances	-	-	6,691,842	6,691,842
Permanent funds	-	-	234,276	234,276
Committed to:				
Public works lease	480,414	-	-	480,414
General government	-	-	708,964	708,964
Public safety	-	-	179,770	179,770
Public works and highway	-	-	1,907,217	1,907,217
Parks, recreation and libraries	-	-	980,722	980,722
Health and human services	-	-	1,938,268	1,938,268
Education	2,170	-	885,272	887,442
Assigned to:				
Subsequent year's budget	3,832,736	-	-	3,832,736
Purchases on order	969,882	-	-	969,882
Unassigned	36,145,295	-	(336,590)	35,808,705
Total Fund Balances	\$ 41,664,718	\$ 28,616,898	\$ 15,994,142	\$ 86,275,758

Significant encumbrances of \$1,434,557, \$3,407,483, and \$658,519 at June 30, 2021 are contained in the above table in the assigned category of the General Fund, the restricted category of the Capital Projects Funds, 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. GASB 84 - RESTATEMENT

The Town previously reported the activities of the Branford Conservation Commission, Shellfish Commission, Academy-On-The-Green, Branford Medical Transit, Commission on Services for the Elderly, Student Activity Fund, Fireworks Committee, Developer Bond Fund, and the Shoreline Crimes Fund as fiduciary funds. As a result of implementation of GASB No. 84, *Fiduciary Activities*, as of July 1, 2020, the Town made the following reporting changes: The activities of the Branford Conservation Commission, Shellfish Commission, Academy-On-The-Green, Branford Medical Transit, Commission on Services for the Elderly, Student Activity Fund, and the Fireworks Committee funds are reported as special revenue funds, and the Developer Bond Fund is now reported with general fund activities. The Town created a new custodial fund for the Shoreline Crimes Fund. Accordingly, the Town increased the beginning assets and liabilities of the General Fund by \$690,392, and thus no effect to the beginning fund balance. The Town created new special revenue funds for the Branford Conservation Commission, Shellfish Commission, Academy-On-The-Green, Branford Medical Transit, Commission on Services for the Elderly, Student Activity Fund, and the Fireworks Committee funds, thus increasing assets and fund balance of \$1,150,715. The Town increased beginning net position for custodial funds in the amount of \$3,937 for the Non-Profit Housing Corporation. Accordingly, the Town restated beginning balances of the assets, liabilities, fund balance and net position as follows:

Governmental Funds:	Governmental Activities Net Position	Nonmajor Governmental Funds Fund Balance
	<u> </u>	<u> </u>
Balance as previously reported June 30, 2020	\$ 172,122,604	\$ 13,558,739
Adjustment:		
Branford Conservation Commission now reported as a Special Revenue	1,682	1,682
Shellfish Commission now reported as a Special Revenue Fund	264,899	264,899
Academy-On-The-Green now reported as a Special Revenue Fund	20,787	20,787
Branford Medical Transit now reported as a Special Revenue Fund	82,249	82,249
Commission on Services for the Elderly now reported as a Special Revenue	210,688	210,688
Student Activity Fund now reported as a Special Revenue Fund	549,414	549,414
Fireworks Committee now reported as a Special Revenue Fund	20,996	20,996
	<u> </u>	<u> </u>
Balance as restated July 1, 2020	\$ <u>173,273,319</u>	\$ <u>14,709,454</u>
Fiduciary Funds:	Agency Funds	Custodial Funds
	<u> </u>	<u> </u>
Balance as previously reported June 30, 2020	\$ 1,845,044	\$ -
Adjustments:		
Branford Conservation Commission now reported as a Special Revenue	(1,682)	-
Shellfish Commission now reported as a Special Revenue Fund	(264,899)	-
Academy-On-The-Green now reported as a Special Revenue Fund	(20,787)	-
Branford Medical Transit now reported as a Special Revenue Fund	(82,249)	-
Commission on Services for the Elderly now reported as a Special Revenue	(210,688)	-
Student Activity Fund now reported as a Special Revenue Fund	(549,414)	-
Fireworks Committee now reported as a Special Revenue Fund	(20,996)	-
Developer Bond Funds now reported in the General Fund	(690,392)	-
Shoreline Crimes Fund now reported as a Custodial Fund	(3,937)	3,937
	<u> </u>	<u> </u>
Balance as restated July 1, 2020	\$ <u>-</u>	\$ <u>3,937</u>

16. SUBSEQUENT EVENTS

On November 3, 2021, the Town issued \$14,080,000 of general obligation bonds with interest rates of 0.50-2.00% maturing serially from August 1, 2022 through August 1, 2031, for various capital projects.

**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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 100,462,786	\$ 100,462,786	\$ 105,344,129	\$ 4,881,343
Delinquent Interest	525,000	525,000	946,651	421,651
Lien Fees	6,100	6,100	34,212	28,112
Suspense Collections	7,100	7,100	24,163	17,063
Delinquent Taxes	975,000	975,000	1,821,872	846,872
Warrant Fees	-	-	221	221
Returned Check Fees	-	-	80	80
Motor Vehicle Fees	3,000	3,000	6,062	3,062
Total taxes	<u>101,978,986</u>	<u>101,978,986</u>	<u>108,177,390</u>	<u>6,198,404</u>
Intergovernmental Revenues:				
Education Cost Sharing	2,300,000	2,300,000	2,511,411	211,411
Special Education	369,710	369,710	673,305	303,595
Health and Welfare	-	-	8,451	8,451
Disability Exemption	2,000	2,000	2,260	260
Veterans' Reimbursement - State	-	-	21,710	21,710
Private Property Exemption	105,041	105,041	105,041	-
State Property Exemption	12,155	12,155	12,155	-
Miscellaneous State Grants	25,000	25,000	11,590	(13,410)
Wild Life Refuge	4,000	4,000	3,586	(414)
SAFER Grant	266,540	266,540	446,107	179,567
North Branford Probate Fees	5,500	5,500	5,392	(108)
North Branford Sewer Fees	152,000	152,000	26,723	(125,277)
Total intergovernmental revenues	<u>3,241,946</u>	<u>3,241,946</u>	<u>3,827,731</u>	<u>585,785</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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Licenses, Permits and Fees:				
Building Permits	\$ 400,000	\$ 400,000	\$ 893,800	\$ 493,800
Excavation Permits	7,000	7,000	8,955	1,955
Sewer Connection Permits	-	-	163	163
Zoning Board of Appeals	2,500	2,500	2,375	(125)
Planning and Zoning	24,000	24,000	26,842	2,842
Planning and Zoning - DEP Costs	500	500	738	238
Map Copies - Building and Engineering	2,000	2,000	2,056	56
Inland Wetlands Applications	15,000	15,000	43,677	28,677
Inland Wetlands - DEP Application Costs	40	40	106	66
Building Dept - Education Fee	600	600	759	159
Transfer Station Escrow	105,000	105,000	168,344	63,344
Trip Passes	1,500	1,500	1,397	(103)
Sticker Revenue	23,000	23,000	21,198	(1,802)
Electrical Revenue Share	-	-	16,540	16,540
Permits and Tags - Police	6,000	6,000	1,500	(4,500)
Special Wages - Police	525,000	685,000	923,312	238,312
Fingerprinting Fees	11,000	11,000	28,964	17,964
False Alarm Fees	4,900	4,900	3,700	(1,200)
Pump Out Services	6,000	6,000	7,925	1,925
Town Clerk Other Monies	310,000	310,000	419,942	109,942
Conveyance Taxes	350,000	350,000	720,677	370,677
Marriage Licenses - Town Portion	4,000	4,000	4,000	-
Dog Licenses	3,000	3,000	2,790	(210)
Ambulance Service Fees	1,800,000	1,800,000	1,778,033	(21,967)
Miscellaneous Permits and Fees - Fire Services	2,000	2,000	1,653	(347)
E-Commerce Revenue Share	14,000	14,000	31,201	17,201
Total licenses, permits and fees	<u>3,617,040</u>	<u>3,777,040</u>	<u>5,110,647</u>	<u>1,333,607</u>
Interest Income	<u>271,000</u>	<u>271,000</u>	<u>80,828</u>	<u>(190,172)</u>
Other:				
Willoughby - Wallace Library Fees	3,500	3,500	364	(3,136)
Willoughby - Passport Fees	6,500	6,500	2,000	(4,500)
Employee Health Insurance Co-pay	600,000	600,000	857,890	257,890
In Lieu of Taxes - Telephone Access	65,000	65,000	71,845	6,845

(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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 270,000	\$ 270,000	\$ 378,681	\$ 108,681
Leases	26,000	26,000	36,444	10,444
Elderly Services - Building Usage	-	-	-	-
Elderly Services - NGO Revenue	-	-	175	175
Recreation Department - Building Usage	1,500	1,500	275	(1,225)
Recreation Department - Facility Usage	2,500	2,500	200	(2,300)
Foote Family Charitable Trust	212,500	212,500	250,000	37,500
Insurance Claims and Refunds	20,000	20,000	11,055	(8,945)
Miscellaneous Refunds	-	-	39,384	39,384
Miscellaneous Income	100,000	100,000	387,992	287,992
Sale of Town Property	-	-	86,165	86,165
Board of Education - Tuition Reimbursement	1,000	1,000	-	(1,000)
Commerce Bank Revenue Share	9,000	9,000	5,579	(3,421)
Returned Check Fees	-	-	60	60
Virtual Net Metering Credits	-	-	20,208	20,208
Under Liquidated Encumbrances	-	-	8,385	8,385
Total other	<u>1,317,500</u>	<u>1,317,500</u>	<u>2,156,702</u>	<u>839,202</u>
Total revenues	110,426,472	110,586,472	119,353,298	8,766,826
Other Financing Sources:				
Transfers in	<u>680,035</u>	<u>1,305,522</u>	<u>1,325,079</u>	<u>19,557</u>
Total Revenue and Other Financing Sources	<u>\$ 111,106,507</u>	<u>\$ 111,891,994</u>	<u>120,678,377</u>	<u>\$ 8,786,383</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.			7,641,976	
State of Connecticut on-behalf OPEB contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			184,427	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(8,385)	
The Town does not budget for Board of Education severance fund revenues.			56	
The Town does not budget for Lease fund revenues.			960	
The Town budgets for bond premiums net against interest expenditures.			558,607	
The Town budgets for bond premiums net against interest expenditures.			<u>5,400,000</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>\$ 134,456,018</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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 18,088	\$ 18,088	\$ 11,895	\$ 6,193
Executive	269,405	269,405	237,287	32,118
Finance	92,847	92,847	80,545	12,302
Treasurer	479,433	479,433	465,701	13,732
Assessor	451,679	451,679	392,512	59,167
Review of Assessment	19,228	19,228	16,783	2,445
Tax Collector	270,797	358,916	338,673	20,243
Town Clerk	268,321	268,321	262,893	5,428
Law	450,000	519,000	503,937	15,063
Labor Relations Negotiations	62,500	62,500	28,925	33,575
Probate Court	12,850	12,850	11,563	1,287
Elections	175,022	227,519	224,632	2,887
Planning and Zoning	321,242	324,676	307,425	17,251
Zoning Board of Appeals	9,057	9,057	4,944	4,113
Economic Development Commission	17,035	17,035	3,290	13,745
Inland Wetlands Commission	133,944	133,944	113,647	20,297
General Government Buildings	1,006,541	1,006,541	998,243	8,298
Cable Television	13,100	13,100	12,395	705
Information Technology	889,208	916,839	868,568	48,271
Human Resources	313,828	317,011	298,493	18,518
Total	<u>5,274,125</u>	<u>5,517,989</u>	<u>5,182,351</u>	<u>335,638</u>
Public Safety:				
Police Service	7,042,300	6,929,977	6,562,935	367,042
Police Service - Special Detail	525,000	685,000	684,682	318
Department of Emergency Management	-	13,000	13,000	-
Fire Protection	6,675,482	6,687,297	6,547,016	140,281
Building Department	194,119	201,882	199,232	2,650
Total	<u>14,436,901</u>	<u>14,517,156</u>	<u>14,006,865</u>	<u>510,291</u>
Public Works and Highways:				
Public Works	2,474,204	2,474,204	2,143,512	330,692
Sanitation and Waste	3,381,686	3,381,686	3,328,051	53,635
General Engineering	380,311	383,218	367,516	15,702
Total	<u>6,236,201</u>	<u>6,239,108</u>	<u>5,839,079</u>	<u>400,029</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, 2021**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation:				
Branford Recreation Department	\$ 1,193,992	\$ 1,193,992	\$ 1,171,614	\$ 22,378
Docks and Recreational Facilities	20,192	20,192	14,146	6,046
Public Celebration	35,219	35,219	29,075	6,144
Conservation Commission	11,675	11,675	9,722	1,953
Total	<u>1,261,078</u>	<u>1,261,078</u>	<u>1,224,557</u>	<u>36,521</u>
Libraries:				
James Blackstone Memorial Library	1,443,962	1,443,962	1,443,962	-
Willoughby-Wallace Library	250,268	251,217	233,833	17,384
Total	<u>1,694,230</u>	<u>1,695,179</u>	<u>1,677,795</u>	<u>17,384</u>
Health and Welfare:				
Commission for the Elderly	434,691	441,697	360,213	81,484
East Shore District Health	270,776	270,776	270,776	-
Total	<u>705,467</u>	<u>712,473</u>	<u>630,989</u>	<u>81,484</u>
Board of Education	<u>58,828,962</u>	<u>58,828,962</u>	<u>58,429,140</u>	<u>399,822</u>
Pension and Insurance:				
Pension and Contributions	5,446,424	5,884,006	5,292,820	591,186
Employee Group Insurance	6,606,743	6,606,743	6,606,683	60
Municipal Insurance	2,282,567	2,282,567	2,264,364	18,203
Contingency	927,558	465,994		465,994
Total	<u>15,263,292</u>	<u>15,239,310</u>	<u>14,163,867</u>	<u>1,075,443</u>
Debt Service:				
Principal Retirement	6,558,668	5,058,668	5,013,080	45,588
Interest and Fiscal Charges	2,875,039	2,875,039	2,618,806	256,233
Total	<u>9,433,707</u>	<u>7,933,707</u>	<u>7,631,886</u>	<u>301,821</u>
Total expenditures	<u>113,133,963</u>	<u>111,944,962</u>	<u>108,786,529</u>	<u>3,158,433</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	<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	\$ 151,376	\$ 154,815	\$ 154,815	\$ -
Special Programs Fund				
Sewer Utility Fund	600,000	624,662	624,662	-
Human Services Fund	1,072,346	1,087,933	1,087,933	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Revaluation Fund	60,000	60,000	60,000	-
Ambulance	100,000	100,000	100,000	-
Fire Apparatus	280,000	280,000	280,000	-
Municipal Facilities Fund	-	79,607	79,607	-
BOE Facilities Fund	-	162,400	162,400	-
Elderly Vehicles	35,000	35,000	35,000	-
Communications Fund	60,000	60,000	60,000	-
DPW Apparatus	200,000	200,000	200,000	-
Coastal Resiliency Fund	306,000	306,000	306,000	-
Ballistic Vest Fund	8,200	8,200	8,200	-
SCBA Gear Fund	85,000	85,000	85,000	-
Capital Procurement Fund	1,898,558	4,462,351	4,462,351	-
Total other financing uses	<u>4,883,280</u>	<u>7,732,768</u>	<u>7,732,768</u>	<u>-</u>
Total Budgeted Operations	\$ <u>118,017,243</u>	\$ <u>119,677,730</u>	116,519,297	\$ <u>3,158,433</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.			7,641,976	
State of Connecticut on-behalf OPEB payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			184,427	
The Town does not budget for Lease fund expenditures.			395,180	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(517,000)	
The Town does not budget for payments to refunding bond escrow Agents.			5,900,027	
The Town does not budget for issuance costs related to refunding debt.			58,580	
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>(138,917)</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>130,043,570</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability:								
Service cost	\$ 579,898	\$ 600,194	\$ 621,201	\$ 586,875	\$ 586,875	\$ 437,672	\$ 615,498	\$ 715,518
Interest	1,838,139	1,906,563	1,990,048	2,058,756	2,140,743	2,207,541	2,330,759	2,362,619
Changes of benefit terms	-	-	-	-	-	844,917	-	-
Differences between expected and actual experience	-	-	(680,737)	-	1,920,908	-	13,674	-
Changes of assumptions	-	-	991,581	-	706,596	-	(219,266)	-
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)	(2,014,458)	(2,814,444)
Net change in total pension liability	898,948	1,106,188	1,357,594	1,000,847	3,752,252	1,749,571	726,207	263,693
Total pension liability - beginning	26,425,916	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745	36,291,316	37,017,523
Total pension liability - ending	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745	36,291,316	37,017,523	37,281,216
Plan fiduciary net position:								
Contributions - employer	920,000	898,000	910,500	914,742	1,911,484	1,489,164	1,095,000	1,560,019
Contributions - member	282,016	301,069	280,850	258,782	211,005	243,220	399,582	372,327
Net investment income	2,255,408	40,613	149,903	1,542,864	776,539	1,202,629	(86,998)	5,802,572
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)	(2,014,458)	(2,814,444)
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	(606,874)	4,920,474
Plan fiduciary net position - beginning	19,825,212	21,763,547	21,602,660	21,379,414	22,451,018	23,747,176	25,828,370	25,221,496
Plan fiduciary net position - ending	21,763,547	21,602,660	21,379,414	22,451,018	23,747,176	25,828,370	25,221,496	30,141,970
Net Pension Liability - Ending	\$ 5,561,317	\$ 6,828,392	\$ 8,409,232	\$ 8,338,475	\$ 10,794,569	\$ 10,462,946	\$ 11,796,027	\$ 7,139,246
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%	68.75%	71.17%	68.13%	80.85%
Covered payroll	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132	\$ 3,806,985	\$ 4,431,836	\$ 4,609,109
Net pension liability as a percentage of covered payroll	160.64%	197.24%	235.14%	233.16%	404.12%	274.84%	266.17%	154.89%

*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 SEVEN FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability:							
Service cost	\$ 13,044	\$ 18,559	\$ 19,116	\$ 20,274	\$ 20,496	\$ 23,451	\$ 23,708
Interest	77,644	80,186	84,136	86,666	90,917	95,109	100,523
Differences between expected and actual experience	(34,725)	-	(733)	-	(26,189)	-	(74,479)
Changes of assumptions	16,764	-	23,148	-	67,300	-	(2,302)
Benefit payments, including refunds of member contributions	<u>(40,957)</u>	<u>(42,937)</u>	<u>(42,936)</u>	<u>(46,584)</u>	<u>(41,745)</u>	<u>(36,520)</u>	<u>(34,478)</u>
Net change in total pension liability	31,770	55,808	82,731	60,356	110,779	82,040	12,972
Total pension liability - beginning	<u>1,116,290</u>	<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>	<u>1,539,774</u>
Total pension liability - ending	<u>1,148,060</u>	<u>1,203,868</u>	<u>1,286,599</u>	<u>1,346,955</u>	<u>1,457,734</u>	<u>1,539,774</u>	<u>1,552,746</u>
Plan fiduciary net position:							
Contributions - employer	62,000	348,000	86,000	87,000	87,000	87,299	87,000
Net investment income (loss)	(192)	2,651	66,884	35,625	54,293	(2,554)	282,330
Benefit payments, including refunds of member contributions	<u>(40,957)</u>	<u>(42,937)</u>	<u>(42,936)</u>	<u>(46,584)</u>	<u>(41,745)</u>	<u>(36,520)</u>	<u>(34,478)</u>
Net change in plan fiduciary net position	20,851	307,714	109,948	76,041	99,548	48,225	334,852
Plan fiduciary net position - beginning	<u>497,814</u>	<u>518,665</u>	<u>826,379</u>	<u>936,327</u>	<u>1,012,368</u>	<u>1,111,916</u>	<u>1,160,141</u>
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>	<u>1,160,141</u>	<u>1,494,993</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>	\$ <u>379,633</u>	\$ <u>57,753</u>
Plan fiduciary net position as a percentage of the total pension liability	45.18%	68.64%	72.78%	75.16%	76.28%	75.34%	96.28%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	0.00%	0.00%	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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106	\$ 911,226	\$ 911,226	\$ 1,056,060	\$ 1,056,060	\$ 1,178,950
Contributions in relation to the actuarially determined contribution	<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>	<u>1,095,000</u>	<u>1,560,019</u>
Contribution Deficiency (Excess)	<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>	<u>\$ (38,940)</u>	<u>\$ (381,069)</u>
Covered payroll	\$ 4,217,112	\$ 4,217,112	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246	\$ 2,671,132	\$ 3,806,985	\$ 4,431,836	\$ 4,609,109
Contributions as a percentage of covered payroll	22.76%	21.86%	26.57%	25.94%	25.46%	25.58%	71.56%	39.12%	24.71%	33.85%

Notes to Schedule

Valuation Date: July 1, 2019

Measurement Date: June 30, 2021

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
- Remaining amortization period: 18 Years
- Asset valuation method: Asset gains and losses are recognized over a five-year period at 20% per year.
- Inflation: 2.50%
- Salary increases: Scaled from 8.50% down to 2.50% based on years of service.
- Investment rate of return: 6.50%
- Retirement age: Scaled based on age from 25% 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-2019.
Prior: RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2017.

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

	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 66,924	\$ 86,184	\$ 86,184	\$ 86,184	\$ 59,050	\$ 59,640	\$ 65,330
Contributions in relation to the actuarially determined contribution	62,000	348,000	86,000	87,000	87,000	87,299	87,000
Contribution Deficiency (Excess)	\$ 4,924	\$ (261,816)	\$ 184	\$ (816)	\$ (27,950)	\$ (27,659)	\$ (21,670)
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule

Valuation Date: January 1, 2021
Measurement Date: June 30, 2021

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	2.40% (Prior: 2.60%)
Salary increases	Volunteer fire plan, no salary
Investment rate of return	6.5%, net of investment-related and administrative expenses
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 nonannuitants and annuitants, projected to the valuation date with Scale MP-2021. Prior: 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.

*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 EIGHT FISCAL YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	11.25%	0.18%	0.66%	7.19%	3.42%	5.07%	-0.32%	23.10%

*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 SEVEN FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	-0.04%	0.44%	7.55%	3.58%	5.06%	-0.22%	23.07%

*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
TEACHERS RETIREMENT PLAN
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST SEVEN FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town's proportion of the net pension liability	0.00%	0.00%	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>	<u>109,420,810</u>	<u>119,142,154</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>	<u>\$ 109,420,810</u>	<u>\$ 119,142,154</u>
Town's covered payroll	\$ 22,361,702	\$ 25,437,705	\$ 25,585,052	\$ 26,087,583	\$ 25,670,355	\$ 26,997,429	\$ 27,094,747
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%	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%	52.00%	49.24%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of pay, closed
Single equivalent amortization period	30 years
Asset valuation method	4-year smoothed market
Inflation	2.50%
Salary increase	3.25%-6.50%, including inflation
Investment rate of return	6.90%, net of investment related expense

***Notes:**

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 2,065,555	\$ 2,144,563	\$ 2,224,976	\$ 2,284,715	\$ 2,233,161	\$ 2,254,928	\$ 2,456,032	\$ 2,511,387	\$ 3,091,444	\$ 3,488,893
Contributions in relation to the actuarially determined contribution	2,065,555	2,144,563	2,224,976	2,284,715	2,233,161	2,254,928	2,456,032	2,511,387	3,091,444	3,488,893
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 16,149,765	\$ 16,458,657	\$ 16,641,556	\$ 16,787,032	\$ 18,444,678	\$ 18,428,703	\$ 19,160,897	\$ 19,552,183	\$ 19,967,045	\$ 19,919,543
Contributions as a percentage of covered payroll	12.79%	13.03%	13.37%	13.61%	12.11%	12.24%	12.82%	12.84%	15.48%	17.51%

Notes to Schedule

Valuation date: June 30, 2020
Measurement date: June 30, 2020
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	21 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.50% - 10.00%, including inflation
Investment rate of return	7.00%, net of investment-related expense
Changes in assumptions	In 2019, the latest experience study for the System updated most of the actuarial assumptions utilized in the June 30, 2020 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 SEVEN FISCAL YEARS***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town's proportion of the net pension liability	3.57%	3.29%	3.22%	3.35%	3.07%	2.94%	2.93%
Town's proportionate share of the net pension liability	\$ 3,519,712	\$ 6,345,626	\$ 10,725,931	\$ 8,314,503	\$ 29,349,746	\$ 30,340,054	\$ 32,645,487
Town's covered payroll	\$ 16,787,032	\$ 18,444,678	\$ 18,428,703	\$ 19,160,897	\$ 19,552,183	\$ 19,967,045	\$ 19,919,543
Town's proportionate share of the net pension liability as a percentage of its covered payroll	20.97%	34.40%	58.20%	43.39%	150.11%	151.95%	163.89%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%	73.60%	72.69%	71.18%

*Notes:

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available
- The measurement date is one year earlier than the employer's reporting date.

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability:					
Service cost	\$ 808,381	\$ 838,695	\$ 884,463	\$ 1,011,077	\$ 1,053,546
Interest	1,849,266	1,963,934	2,066,626	1,997,540	2,119,102
Differences between expected and actual experience	124,760	29,728	(2,500,899)	36,501	(2,911,119)
Changes of assumptions	-	-	917,229	-	(3,955,923)
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>	<u>(1,652,303)</u>	<u>(1,096,643)</u>	<u>(1,342,019)</u>
Net change in total OPEB liability	1,747,290	1,761,661	(284,884)	1,948,475	(5,036,413)
Total OPEB liability - beginning	<u>27,035,934</u>	<u>28,783,224</u>	<u>30,544,885</u>	<u>30,260,001</u>	<u>32,208,476</u>
Total OPEB liability - ending	<u>28,783,224</u>	<u>30,544,885</u>	<u>30,260,001</u>	<u>32,208,476</u>	<u>27,172,063</u>
Plan fiduciary net position:					
Contributions - employer	2,216,607	2,218,026	8,141,374	9,609,044	2,346,149
Contributions - TRB subsidy	25,410	64,570	51,480	53,020	56,870
Net investment income	1,090,779	662,753	841,537	(140,172)	4,522,716
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>	<u>(1,652,303)</u>	<u>(1,096,643)</u>	<u>(1,342,019)</u>
Net change in plan fiduciary net position	2,297,679	1,874,653	7,382,088	8,425,249	5,583,716
Plan fiduciary net position - beginning	<u>11,934,160</u>	<u>14,231,839</u>	<u>16,106,492</u>	<u>23,488,580</u>	<u>31,913,829</u>
Plan fiduciary net position - ending	<u>14,231,839</u>	<u>16,106,492</u>	<u>23,488,580</u>	<u>31,913,829</u>	<u>37,497,545</u>
Net OPEB Liability - Ending	<u>\$ 14,551,385</u>	<u>\$ 14,438,393</u>	<u>\$ 6,771,421</u>	<u>\$ 294,647</u>	<u>\$ (10,325,482)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.44%	52.73%	77.62%	99.09%	138.00%
Covered-employee payroll	\$ 49,561,870	\$ 51,420,440	\$ 44,608,973	\$ 46,214,896	\$ 46,157,107
Net OPEB liability as a percentage of covered-employee payroll	29.36%	28.08%	15.18%	0.64%	-22.37%

*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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution (1)	\$ 1,613,000	\$ 1,651,000	\$ 1,790,540	\$ 1,835,900	\$ 1,847,914	\$ 1,907,215	\$ 2,016,067	\$ 2,048,581	\$ 1,970,411	\$ 2,018,432
Contributions in relation to the actuarially determined contribution	1,276,100	1,584,500	1,964,000	1,808,700	1,560,200	2,216,607	2,218,026	8,141,374	9,609,044	2,346,149
Contribution Deficiency (Excess)	\$ <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>	\$ <u>(7,638,633)</u>	\$ <u>(327,717)</u>
Covered-employee payroll	\$ 39,169,500	\$ 39,169,500	\$ 48,861,400	\$ 48,861,400	\$ 47,770,477	\$ 49,561,870	\$ 51,420,440	\$ 44,608,973	\$ 46,214,896	\$ 46,157,107
Contributions as a percentage of covered-employee payroll	3.26%	4.05%	4.02%	3.70%	3.27%	4.47%	4.31%	18.25%	20.79%	5.08%

Notes to Schedule

Valuation date: July 1, 2020

Measurement date: June 30, 2021

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
Amortization period	26 years
Asset valuation method	Market Value
Inflation	2.40% (Prior: 2.60%)
Healthcare cost trend rates	6.50% in 2020, decreasing 0.50% per year to an ultimate rate of 4.40% for 2024 and later. (Prior: 7.00% in 2018, decreasing 0.50% per year to an ultimate rate of 4.60% for 2023 and later.)
Salary increases	3.40% (Prior 3.60%), average, including inflation
Investment rate of return	6.50%, net of pension plan investment expense, including inflation
Retirement age	Expected retirement ages of employees are based on union agreements and other expectations
Mortality	Pub-2010 Public Retirement Plans Amount-Weighted Mortality Tables (with separate tables for General Employees, Public Safety and Teachers), projected to the valuation date with Scale MP-2021 (Prior: RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.)

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	8.44%	4.50%	4.72%	-0.57%	14.16%

*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 FOUR FISCAL YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Town's proportion of the net OPEB liability	0.00%	0.00%	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>17,770,057</u>	<u>17,064,792</u>	<u>16,866,066</u>	<u>22,277,963</u>
Total	<u>\$ 17,770,057</u>	<u>\$ 17,064,792</u>	<u>\$ 16,866,066</u>	<u>\$ 22,277,963</u>
Town's covered payroll	\$ 27,094,747	\$ 26,997,429	\$ 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%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	2.50%	2.08%	1.49%	1.79%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Based on the procedure described in GASB 75, the discount rate used to measure plan obligations for financial accounting purposes as of June 30, 2020 was updated to equal the Municipal Bond Index Rate as of June 30, 2020; Expected annual per capita claims costs were updated to better reflect anticipated medical and prescription drug claim experience; Long-term health care cost trend rates were updated; The percentages of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan options were updated based on observed plan experience. Additionally, participants are no longer assumed to migrate from the Medicare Supplement Plan to the Medicare Advantage Plan after selecting an option; and, The Board adopted new assumptions as the result of an experience study for the five-year period ending June 30, 2019. The changes in assumptions are summarized below: - Decrease the annual rate of real wage increase assumption from 0.75% to 0.50%. - Decrease payroll growth assumption from 3.25% to 3.00%. - Rates of withdrawal, disability, retirement, mortality, and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
Actuarial cost method	Entry age
Amortization method	Level percent of payroll over an open period
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Investment rate of return	3.00%, net of investment related expense including price inflation
Price inflation	2.75%

***Notes:**

- This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.
- The measurement date is one year earlier than the employer's reporting date

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 62,549,449	\$ 51,196,678
Investments	-	1,551,276
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2021 and 2020	5,587,714	5,108,674
Interest	2,523,942	2,134,273
Intergovernmental	156,263	423,388
Other	591,582	512,035
Due from other funds		
Prepaid items	<u>234,221</u>	<u>17,970</u>
Total Assets	<u>\$ 71,643,171</u>	<u>\$ 60,944,294</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 5,938,758	\$ 4,720,547
Due to other funds	4,791,314	4,809,031
Unearned revenue	883,440	753,325
Other	81,699	112,293
Total liabilities	<u>11,695,211</u>	<u>10,395,196</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	5,123,990	4,812,011
Unavailable revenue - interest on property taxes	2,523,942	2,134,277
Advance property tax collections	<u>10,635,310</u>	<u>6,350,540</u>
Total deferred inflows of resources	<u>18,283,242</u>	<u>13,296,828</u>
Fund Balance:		
Nonspendable	234,221	17,970
Committed	482,584	359,748
Assigned	4,802,618	7,880,553
Unassigned	<u>36,145,295</u>	<u>28,993,999</u>
Total fund balance	<u>41,664,718</u>	<u>37,252,270</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 71,643,171</u>	<u>\$ 60,944,294</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2021**

Grand List	Uncollected Taxes July 1, 2020	Lawful Corrections	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2021
					Taxes	Interest	Liens	Total	
2004	\$ 32,619	\$ (32,619)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2005	30,748	(435)	-	30,313	-	20	-	20	30,313
2006	33,512	(447)	-	33,065	-	-	-	-	33,065
2007	36,656	(464)	-	36,192	-	-	-	-	36,192
2008	62,493	(472)	-	62,021	-	-	-	-	62,021
2009	61,059	(426)	-	60,633	-	-	-	-	60,633
2010	72,552	(798)	-	71,754	778	1,613	24	2,415	70,976
2011	122,426	(821)	-	121,605	3,754	5,139	30	8,923	117,851
2012	93,051	(842)	-	92,209	3,525	598	48	4,171	88,684
2013	147,754	(863)	-	146,891	15,143	22,248	72	37,463	131,748
2014	436,116	(994)	(98,045)	337,077	47,841	54,157	617	102,615	289,236
2015	638,429	(1,287)	(96,702)	540,440	79,163	46,556	1,843	127,562	461,277
2016	829,150	(5,352)	-	823,798	181,537	100,499	3,006	285,042	642,261
2017	1,072,403	183,240	-	1,255,643	321,372	126,267	7,740	455,379	934,271
2018	1,953,323	207,938	-	2,161,261	1,001,694	212,224	12,397	1,226,315	1,159,567
2019	107,378,085	(50,718)	-	107,327,367	105,344,131	351,735	4,711	105,700,577	1,983,236
	<u>\$ 113,000,376</u>	<u>\$ 294,640</u>	<u>\$ (194,747)</u>	<u>\$ 113,100,269</u>	106,998,938	921,056	30,488	107,950,482	<u>\$ 6,101,331</u>
					<u>24,163</u>	<u>25,595</u>	<u>3,723</u>	<u>53,481</u>	
					<u>\$ 107,023,101</u>	<u>\$ 946,651</u>	<u>\$ 34,211</u>	<u>\$ 108,003,963</u>	

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2021**

	General	Surety Bond Fund	Board of Education Severance Fund	Lease Fund	Eliminations	Total General Fund
ASSETS						
Cash and cash equivalents	\$ 61,082,540	\$ 931,111	\$ 55,199	\$ 480,599	\$ -	\$ 62,549,449
Investments						-
Receivables, net	8,859,501	-	-	-	-	8,859,501
Due from other funds	53,029	-	-	-	(53,029)	-
Other assets	234,221	-	-	-	-	234,221
Total Assets	<u>\$ 70,229,291</u>	<u>\$ 931,111</u>	<u>\$ 55,199</u>	<u>\$ 480,599</u>	<u>\$ (53,029)</u>	<u>\$ 71,643,171</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 5,007,462	\$ 931,111	\$ -	\$ 185	\$ -	\$ 5,938,758
Due to other funds	4,791,314	-	53,029	-	(53,029)	4,791,314
Unearned revenue	883,440	-	-	-	-	883,440
Other	81,699	-	-	-	-	81,699
Total liabilities	<u>10,763,915</u>	<u>931,111</u>	<u>53,029</u>	<u>185</u>	<u>(53,029)</u>	<u>11,695,211</u>
Deferred Inflows of Resources:						
Unavailable revenue - property taxes	5,123,990	-	-	-	-	5,123,990
Unavailable revenue - interest on property taxes	2,523,942	-	-	-	-	2,523,942
Advance property tax collections	10,635,310	-	-	-	-	10,635,310
Total deferred inflows of resources	<u>18,283,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,283,242</u>
Fund Balances:						
Nonspendable	234,221	-	-	-	-	234,221
Committed	-	-	2,170	480,414	-	482,584
Assigned	4,802,618	-	-	-	-	4,802,618
Unassigned	36,145,295	-	-	-	-	36,145,295
Total fund balances	<u>41,182,134</u>	<u>-</u>	<u>2,170</u>	<u>480,414</u>	<u>-</u>	<u>41,664,718</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 70,229,291</u>	<u>\$ 931,111</u>	<u>\$ 55,199</u>	<u>\$ 480,599</u>	<u>\$ (53,029)</u>	<u>\$ 71,643,171</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Surety Bond Fund</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:						
Property taxes	\$ 108,177,390	\$ -	\$ -	\$ -	\$ -	\$ 108,177,390
Intergovernmental	11,654,134	-	-	-	-	11,654,134
Charges for services	5,110,647	-	-	-	-	5,110,647
Income on investments	80,828	-	56	-	-	80,884
Miscellaneous	2,148,317	-	-	960	-	2,149,277
Total revenues	<u>127,171,316</u>	<u>-</u>	<u>56</u>	<u>960</u>	<u>-</u>	<u>127,172,332</u>
Expenditures:						
Current:						
General government	5,169,712	-	-	-	-	5,169,712
Public safety	13,965,539	-	-	-	-	13,965,539
Public works and highway	5,788,656	-	-	136,497	-	5,925,153
Parks, recreation and libraries	2,848,490	-	-	-	-	2,848,490
Health and human services	630,322	-	-	-	-	630,322
Education	65,970,543	-	-	258,683	-	66,229,226
Pension and insurance	14,163,868	-	-	-	-	14,163,868
Debt service	7,690,465	-	-	-	-	7,690,465
Total expenditures	<u>116,227,595</u>	<u>-</u>	<u>-</u>	<u>395,180</u>	<u>-</u>	<u>116,622,775</u>
Excess (Deficiency) of Revenues over Expenditures	10,943,721	-	56	(394,220)	-	10,549,557
Other Financing Sources (Uses):						
Transfers in	1,325,079	-	-	517,000	(517,000)	1,325,079
Transfers out	(8,037,768)	-	-	-	517,000	(7,520,768)
Refunding Bond premiums	558,607	-	-	-	-	558,607
Proceeds from refunding bond issuance	5,400,000	-	-	-	-	5,400,000
Payments to escrow agents	(5,900,027)	-	-	-	-	(5,900,027)
Total other financing sources (uses)	<u>(6,654,109)</u>	<u>-</u>	<u>-</u>	<u>517,000</u>	<u>-</u>	<u>(6,137,109)</u>
Net Change in Fund Balances	4,289,612	-	56	122,780	-	4,412,448
Fund Balances at Beginning of Year	<u>36,892,522</u>	<u>-</u>	<u>2,114</u>	<u>357,634</u>	<u>-</u>	<u>37,252,270</u>
Fund Balances at End of Year	<u>\$ 41,182,134</u>	<u>\$ -</u>	<u>\$ 2,170</u>	<u>\$ 480,414</u>	<u>\$ -</u>	<u>\$ 41,664,718</u>

TOWN OF BRANFORD, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

	Special Revenue										
	Board of Education						Building Usage	Small Cities Fund	Town Aid Road	Pass Through Grants	Park and Recreation
	Sewer Assessment	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria					
ASSETS											
Cash and cash equivalents	\$ 4,660,300	\$ 10,643	\$ 49,742	\$ 663,872	\$ 1,385,768	\$ 142,532	\$ 3,130	\$ 143,738	\$ 3,763,651	\$ 66,500	\$ 661,273
Investment	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable	187,714	6,143	-	531	3,211	2,913	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	219,713	247,866	-	292,044	-	-	-
Due from other funds	-	-	-	-	85,196	-	-	-	-	-	-
Inventory	-	-	-	-	-	18,372	-	-	-	-	-
Total Assets	\$ 4,848,014	\$ 16,786	\$ 49,742	\$ 664,403	\$ 1,693,888	\$ 411,683	\$ 3,130	\$ 435,782	\$ 3,763,651	\$ 66,500	\$ 661,273
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ -	\$ -	\$ 3,558	\$ 1,623	\$ 340,556	\$ 85,247	\$ -	\$ -	\$ -	\$ 66,500	\$ 39,447
Due to other funds	1,975,000	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	48,166	28,125	-	-	-	-	168,310
Total liabilities	1,975,000	-	3,558	1,623	388,722	113,372	-	-	-	66,500	207,757
Deferred Inflows of Resources:											
Unavailable revenue - special assessments	187,715	6,143	-	-	-	-	-	-	-	-	-
Unavailable revenue - grants receivable	-	-	-	-	-	-	-	-	-	-	-
Unavailable revenue - loans receivable	-	-	-	-	-	-	-	292,044	-	-	-
Total deferred inflows of resources	187,715	6,143	-	-	-	-	-	292,044	-	-	-
Fund Balance:											
Nonspendable	-	-	-	-	-	18,372	-	-	-	-	-
Restricted	2,685,299	-	-	-	1,305,166	-	-	143,738	3,763,651	-	-
Committed	-	10,643	46,184	662,780	-	279,939	3,130	-	-	-	453,516
Unassigned	-	-	-	-	-	-	-	-	-	-	-
Total fund balance	2,685,299	10,643	46,184	662,780	1,305,166	298,311	3,130	143,738	3,763,651	-	453,516
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 4,848,014	\$ 16,786	\$ 49,742	\$ 664,403	\$ 1,693,888	\$ 411,683	\$ 3,130	\$ 435,782	\$ 3,763,651	\$ 66,500	\$ 661,273

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

	<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>LOCIP Fund</u>	<u>Human Services Fund</u>	<u>Academy on the Green Fund</u>
ASSETS										
Cash and cash equivalents	\$ 1,527,399	\$ 128,751	\$ 83,955	\$ 448,276	\$ 83,995	\$ 812,307	\$ -	\$ -	\$ 1,014,315	\$ 20,774
Investment	-	-	130,636	-	-	577,493	-	-	-	-
Accounts receivable	-	-	-	-	-	295,100	-	-	286,931	-
Intergovernmental receivable	61	-	-	-	135,462	383,363	213,286	100,000	-	-
Due from other funds	14,155	-	-	-	3,439	348,825	-	-	5,031	-
Inventory	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 1,541,615	\$ 128,751	\$ 214,591	\$ 448,276	\$ 222,896	\$ 2,417,088	\$ 213,286	\$ 100,000	\$ 1,306,277	\$ 20,774
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ 62,328	\$ 1,763	\$ 87	\$ 2,194	\$ 22,491	\$ 215,534	\$ 243	\$ -	\$ 47,761	\$ -
Due to other funds	-	-	-	-	-	-	242,340	100,000	-	-
Unearned revenue	-	-	-	-	20,635	-	-	-	185,957	-
Total liabilities	62,328	1,763	87	2,194	43,126	215,534	242,583	100,000	233,718	-
Deferred Inflows of Resources:										
Unavailable revenue - special assessments	-	-	-	-	-	304,980	-	-	-	-
Unavailable revenue - grants receivable	-	-	-	-	-	-	207,293	100,000	-	-
Unavailable revenue - loans receivable	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	304,980	207,293	100,000	-	-
Fund Balance:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	1,479,287	-	-	-	-	-	-	-	-	-
Committed	-	126,988	214,504	446,082	179,770	1,896,574	-	-	1,072,559	20,774
Unassigned	-	-	-	-	-	-	(236,590)	(100,000)	-	-
Total fund balance	1,479,287	126,988	214,504	446,082	179,770	1,896,574	(236,590)	(100,000)	1,072,559	20,774
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,541,615	\$ 128,751	\$ 214,591	\$ 448,276	\$ 222,896	\$ 2,417,088	\$ 213,286	\$ 100,000	\$ 1,306,277	\$ 20,774

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TOWN OF BRANFORD, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

Special Revenue

	Shellfish Commission Fund	Conservation Fund	Elderly Commission Fund	Medical Transport Fund	Fireworks Committee Fund	Student Activity Fund	Total
ASSETS							
Cash and cash equivalents	\$ 270,565	\$ 1,683	\$ 211,163	\$ 82,092	\$ 22,453	\$ 602,203	\$ 16,861,080
Investment	-	-	-	-	-	-	708,129
Accounts receivable	-	-	-	-	-	-	782,543
Intergovernmental receivable	-	-	-	-	-	-	1,591,795
Due from other funds	-	-	-	-	-	-	456,646
Inventory	-	-	-	-	-	-	18,372
Total Assets	\$ 270,565	\$ 1,683	\$ 211,163	\$ 82,092	\$ 22,453	\$ 602,203	\$ 20,418,565
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 616	\$ -	\$ 2,773	\$ -	\$ 892,721
Due to other funds	-	-	-	-	-	-	2,317,340
Unearned revenue	-	-	-	-	-	-	451,193
Total liabilities	-	-	616	-	2,773	-	3,661,254
Deferred Inflows of Resources:							
Unavailable revenue - special assessments	-	-	-	-	-	-	498,838
Unavailable revenue - grants receivable	-	-	-	-	-	-	307,293
Unavailable revenue - loans receivable	-	-	-	-	-	-	292,044
Total deferred inflows of resources	-	-	-	-	-	-	1,098,175
Fund Balance:							
Nonspendable	-	-	-	-	-	-	18,372
Restricted	-	-	-	-	-	-	9,377,141
Committed	270,565	1,683	210,547	82,092	19,680	602,203	6,600,213
Unassigned	-	-	-	-	-	-	(336,590)
Total fund balance	270,565	1,683	210,547	82,092	19,680	602,203	15,659,136
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 270,565	\$ 1,683	\$ 211,163	\$ 82,092	\$ 22,453	\$ 602,203	\$ 20,418,565

TOWN OF BRANFORD, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2021

	Permanent Fund						Transfers/ Interfunds	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total		
ASSETS								
Cash and cash equivalents	\$ 226,520	\$ 4,162	\$ 5,464	\$ 35,426	\$ 63,434	\$ 335,006	\$ -	\$ 17,196,086
Investment	-	-	-	-	-	-	-	708,129
Accounts receivable	-	-	-	-	-	-	-	782,543
Intergovernmental receivable	-	-	-	-	-	-	-	1,591,795
Due from other funds	-	-	-	-	-	-	(322,783)	133,863
Inventory	-	-	-	-	-	-	-	18,372
Total Assets	\$ 226,520	\$ 4,162	\$ 5,464	\$ 35,426	\$ 63,434	\$ 335,006	\$ (322,783)	\$ 20,430,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 892,721
Due to other funds	-	-	-	-	-	-	(322,783)	1,994,557
Unearned revenue	-	-	-	-	-	-	-	451,193
Total liabilities	-	-	-	-	-	-	(322,783)	3,338,471
Deferred Inflows of Resources:								
Unavailable revenue - special assessments	-	-	-	-	-	-	-	498,838
Unavailable revenue - grants receivable	-	-	-	-	-	-	-	307,293
Unavailable revenue - loans receivable	-	-	-	-	-	-	-	292,044
Total deferred inflows of resources	-	-	-	-	-	-	-	1,098,175
Fund Balance:								
Nonspendable	1,500	4,000	5,000	30,000	60,230	100,730	-	119,102
Restricted	225,020	162	464	5,426	3,204	234,276	-	9,611,417
Committed	-	-	-	-	-	-	-	6,600,213
Unassigned	-	-	-	-	-	-	-	(336,590)
Total fund balance	226,520	4,162	5,464	35,426	63,434	335,006	-	15,994,142
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 226,520	\$ 4,162	\$ 5,464	\$ 35,426	\$ 63,434	\$ 335,006	\$ (322,783)	\$ 20,430,788

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue										
	Board of Education										
	Sewer Assessment	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Building Usage	Small Cities	Town Aid Road	Pass Through Grants	
Revenues:											
Assessment income	\$ 386,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	-	-	-	4,061,828	914,458	-	-	774,724	366,810	-
Sales and services	-	-	20,724	88,560	-	-	2,460	-	-	-	87,708
Investment income	2,911	-	-	261	-	-	-	237	2,722	-	434
Other	-	-	-	-	-	-	-	-	-	-	6,136
Sale of food	-	-	-	-	-	23,792	-	-	-	-	-
Total revenues	<u>389,432</u>	<u>-</u>	<u>20,724</u>	<u>88,821</u>	<u>4,061,828</u>	<u>938,250</u>	<u>2,460</u>	<u>237</u>	<u>777,446</u>	<u>366,810</u>	<u>94,278</u>
Expenditures:											
Current:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-	-
Public works and highway	8,334	-	-	-	-	-	-	-	117,061	-	-
Parks, recreation and libraries	-	-	-	-	-	-	-	-	-	-	69,904
Health and human services	-	-	-	-	-	-	-	-	-	366,810	-
Education	-	-	19,540	120,845	3,862,140	857,053	2,985	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>8,334</u>	<u>-</u>	<u>19,540</u>	<u>120,845</u>	<u>3,862,140</u>	<u>857,053</u>	<u>2,985</u>	<u>-</u>	<u>117,061</u>	<u>366,810</u>	<u>69,904</u>
Excess (Deficiency) of Revenues over Expenditures	381,098	-	1,184	(32,024)	199,688	81,197	(525)	237	660,385	-	24,374
Other Financing Sources (Uses):											
Transfers in	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	381,098	-	1,184	(32,024)	199,688	81,197	(525)	237	660,385	-	24,374
Fund Balances at Beginning of Year, as restated	2,304,201	10,643	45,000	694,804	1,105,478	217,114	3,655	143,501	3,103,266	-	429,142
Fund Balances at End of Year	<u>\$ 2,685,299</u>	<u>\$ 10,643</u>	<u>\$ 46,184</u>	<u>\$ 662,780</u>	<u>\$ 1,305,166</u>	<u>\$ 298,311</u>	<u>\$ 3,130</u>	<u>\$ 143,738</u>	<u>\$ 3,763,651</u>	<u>\$ -</u>	<u>\$ 453,516</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, 2021

	Special Revenue									
	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Sewer Utility Fund	FEMA Fund	LOCIP Fund	Human Services Fund	Academy on the Green Fund
Revenues:										
Assessment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,647,742	\$ -	\$ -	\$ 44,959	\$ -
Intergovernmental revenues	179,238	-	706	-	135,462	24,151	253,716	-	-	-
Sales and services	16,169	-	-	-	63,155	744,460	-	-	949,867	-
Investment income	206	59	17,903	438	65	15,492	-	-	307	18
Other	366,523	49,812	18,492	2,984	14,500	(54)	25,860	-	-	-
Sale of food	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>562,136</u>	<u>49,871</u>	<u>37,101</u>	<u>3,422</u>	<u>213,182</u>	<u>3,431,791</u>	<u>279,576</u>	<u>-</u>	<u>995,133</u>	<u>18</u>
Expenditures:										
Current:										
General government	31,961	-	-	-	-	-	56,195	-	-	-
Public safety	372,436	-	-	-	332,234	-	186,389	-	-	-
Public works and highway	-	-	-	-	-	2,923,047	561,661	-	-	-
Parks, recreation and libraries	-	-	5,983	-	-	-	96,732	-	-	31
Health and human services	106,823	38,345	-	3,923	-	-	24,719	-	1,561,761	-
Education	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	100,000	-	-
Total expenditures	<u>511,220</u>	<u>38,345</u>	<u>5,983</u>	<u>3,923</u>	<u>332,234</u>	<u>2,923,047</u>	<u>925,696</u>	<u>100,000</u>	<u>1,561,761</u>	<u>31</u>
Excess (Deficiency) of Revenues over Expenditures	50,916	11,526	31,118	(501)	(119,052)	508,744	(646,120)	(100,000)	(566,628)	(13)
Other Financing Sources (Uses):										
Transfers in	-	-	-	-	154,815	624,662	150,000	-	1,087,933	-
Transfers out	-	-	-	-	(100,000)	(1,155,035)	(19,557)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,815</u>	<u>(530,373)</u>	<u>130,443</u>	<u>-</u>	<u>1,087,933</u>	<u>-</u>
Net Change in Fund Balances	50,916	11,526	31,118	(501)	(64,237)	(21,629)	(515,677)	(100,000)	521,305	(13)
Fund Balances at Beginning of Year, as restated	<u>1,428,371</u>	<u>115,462</u>	<u>183,386</u>	<u>446,583</u>	<u>244,007</u>	<u>1,918,203</u>	<u>279,087</u>	<u>-</u>	<u>551,254</u>	<u>20,787</u>
Fund Balances at End of Year	<u>\$ 1,479,287</u>	<u>\$ 126,988</u>	<u>\$ 214,504</u>	<u>\$ 446,082</u>	<u>\$ 179,770</u>	<u>\$ 1,896,574</u>	<u>\$ (236,590)</u>	<u>\$ (100,000)</u>	<u>\$ 1,072,559</u>	<u>\$ 20,774</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, 2021**

	Special Revenue						Total
	Shellfish Commission Fund	Conservation Fund	Elderly Commission Fund	Medical Transport Fund	Fireworks Committee Fund	Student Activity Fund	
Revenues:							
Assessment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,079,222
Intergovernmental revenues	-	-	-	-	-	-	6,711,093
Sales and services	11,272	-	3,495	-	1,250	757,291	2,746,411
Investment income	50	1	10	-	-	-	41,114
Other	-	-	417	740	5,206	-	490,616
Sale of food	-	-	-	-	-	-	23,792
Total revenues	<u>11,322</u>	<u>1</u>	<u>3,922</u>	<u>740</u>	<u>6,456</u>	<u>757,291</u>	<u>13,092,248</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	88,156
Public safety	-	-	-	-	-	-	891,059
Public works and highway	-	-	-	-	-	-	3,610,103
Parks, recreation and libraries	5,656	-	-	-	27,772	-	206,078
Health and human services	-	-	4,063	897	-	-	2,107,341
Education	-	-	-	-	-	704,502	5,567,065
Capital outlay	-	-	-	-	-	-	100,000
Total expenditures	<u>5,656</u>	<u>-</u>	<u>4,063</u>	<u>897</u>	<u>27,772</u>	<u>704,502</u>	<u>12,569,802</u>
Excess (Deficiency) of Revenues over Expenditures	5,666	1	(141)	(157)	(21,316)	52,789	522,446
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	20,000	-	2,037,410
Transfers out	-	-	-	-	-	-	(1,274,592)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>762,818</u>
Net Change in Fund Balances	5,666	1	(141)	(157)	(1,316)	52,789	1,285,264
Fund Balances at Beginning of Year, as restated	<u>264,899</u>	<u>1,682</u>	<u>210,688</u>	<u>82,249</u>	<u>20,996</u>	<u>549,414</u>	<u>14,373,872</u>
Fund Balances at End of Year	<u>\$ 270,565</u>	<u>\$ 1,683</u>	<u>\$ 210,547</u>	<u>\$ 82,092</u>	<u>\$ 19,680</u>	<u>\$ 602,203</u>	<u>\$ 15,659,136</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, 2021**

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,079,222
Intergovernmental revenues	-	-	-	-	-	-	6,711,093
Sales and services	-	-	-	-	-	-	2,746,411
Investment income	1	4	5	36	64	110	41,224
Other	-	-	-	-	-	-	490,616
Sale of food	-	-	-	-	-	-	23,792
Total revenues	<u>1</u>	<u>4</u>	<u>5</u>	<u>36</u>	<u>64</u>	<u>110</u>	<u>13,092,358</u>
Expenditures:							
Current:							
General government	-	-	-	-	-	-	88,156
Public safety	-	-	-	-	-	-	891,059
Public works and highway	-	-	-	-	-	-	3,610,103
Parks, recreation and libraries	-	-	-	-	61	61	206,139
Health and human services	-	-	-	-	-	-	2,107,341
Education	-	125	-	500	-	625	5,567,690
Capital outlay	-	-	-	-	-	-	100,000
Total expenditures	<u>-</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>61</u>	<u>686</u>	<u>12,570,488</u>
Excess (Deficiency) of Revenues over Expenditures	1	(121)	5	(464)	3	(576)	521,870
Other Financing Sources (Uses):							
Transfers in	-	-	-	-	-	-	2,037,410
Transfers out	-	-	-	-	-	-	(1,274,592)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>762,818</u>
Net Change in Fund Balances	1	(121)	5	(464)	3	(576)	1,284,688
Fund Balances at Beginning of Year, as restated	226,519	4,283	5,459	35,890	63,431	335,582	14,709,454
Fund Balances at End of Year	<u>\$ 226,520</u>	<u>\$ 4,162</u>	<u>\$ 5,464</u>	<u>\$ 35,426</u>	<u>\$ 63,434</u>	<u>\$ 335,006</u>	<u>\$ 15,994,142</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 10,236,245	\$ 6,213,776	\$ 2,039,747	\$ 18,489,768
Accounts receivable	191,411	-	-	191,411
Prepaid expenses	-	80,000	20,000	100,000
Due from other funds	75,506	-	-	75,506
Total assets	<u>10,503,162</u>	<u>6,293,776</u>	<u>2,059,747</u>	<u>18,856,685</u>
Liabilities:				
Accounts payable	188	11,824	5,649	17,661
Claims incurred not reported	807,830	3,192,678	1,110,718	5,111,226
Due to other funds	-	-	-	-
Total liabilities	<u>808,018</u>	<u>3,204,502</u>	<u>1,116,367</u>	<u>5,128,887</u>
Net Position:				
Unrestricted	<u>\$ 9,695,144</u>	<u>\$ 3,089,274</u>	<u>\$ 943,380</u>	<u>\$ 13,727,798</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 14,452,676	\$ 1,196,962	\$ 275,000	\$ 15,924,638
Others	8,008	6,766	(4,192)	10,582
Total operating revenues	<u>14,460,684</u>	<u>1,203,728</u>	<u>270,808</u>	<u>15,935,220</u>
Operating Expenses:				
Benefit claims	10,749,596	707,930	-	11,457,526
Claims administration	2,242,865	62,151	-	2,305,016
Total operating expenses	<u>12,992,461</u>	<u>770,081</u>	<u>-</u>	<u>13,762,542</u>
Operating Loss	1,468,223	433,647	270,808	2,172,678
Nonoperating Income - Interest Income	<u>10,084</u>	<u>12,854</u>	<u>1,516</u>	<u>24,454</u>
Change in Net Position	1,478,307	446,501	272,324	2,197,132
Net Position at Beginning of Year	<u>8,216,837</u>	<u>2,642,773</u>	<u>671,056</u>	<u>11,530,666</u>
Net Position at End of Year	<u>\$ 9,695,144</u>	<u>\$ 3,089,274</u>	<u>\$ 943,380</u>	<u>\$ 13,727,798</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	<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	\$ 14,398,337	\$ 1,203,728	\$ 275,000	\$ 15,877,065
Cash paid for benefits and administration	<u>(19,699,052)</u>	<u>(807,495)</u>	<u>(109,330)</u>	<u>(20,615,877)</u>
Net cash provided by (used in) operating activities	(5,300,715)	396,233	165,670	(4,738,812)
Cash Flows from Investing Activities:				
Interest income	<u>10,084</u>	<u>12,854</u>	<u>1,516</u>	<u>24,454</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,290,631)	409,087	167,186	(4,714,358)
Cash and Cash Equivalents at Beginning of Year	<u>15,526,876</u>	<u>5,804,689</u>	<u>1,872,561</u>	<u>23,204,126</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,236,245</u>	<u>\$ 6,213,776</u>	<u>\$ 2,039,747</u>	<u>\$ 18,489,768</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,468,223	\$ 433,647	\$ 270,808	\$ 2,172,678
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	(62,347)	-	-	(62,347)
Increase (decrease) in payables	64,830	(37,414)	(105,138)	(77,722)
Increase (decrease) in due to other funds	<u>(6,771,421)</u>	<u>-</u>	<u>-</u>	<u>(6,771,421)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (5,300,715)</u>	<u>\$ 396,233</u>	<u>\$ 165,670</u>	<u>\$ (4,738,812)</u>

**TOWN OF BRANFORD, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 887,335	\$ 434,412	\$ 1,321,747
Investments	30,749,628	37,083,380	67,833,008
Due from other funds	-	-	-
Total assets	31,636,963	37,517,792	69,154,755
Liabilities:			
Accounts payable	-	20,247	20,247
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 31,636,963</u>	<u>\$ 37,497,545</u>	<u>\$ 69,134,508</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, 2021**

	<u>Pension Trust Funds</u>	<u>Retiree Benefits Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,647,019	\$ 2,403,019	\$ 4,050,038
Plan members	372,327	-	372,327
Other	-	-	-
Total contributions	<u>2,019,346</u>	<u>2,403,019</u>	<u>4,422,365</u>
Net investment income	<u>6,084,902</u>	<u>4,522,716</u>	<u>10,607,618</u>
Total additions	8,104,248	6,925,735	15,029,983
Deductions:			
Benefits	<u>2,848,922</u>	<u>1,342,019</u>	<u>4,190,941</u>
Change in Net Position	5,255,326	5,583,716	10,839,042
Net Position at Beginning of Year	<u>26,381,637</u>	<u>31,913,829</u>	<u>58,295,466</u>
Net Position at End of Year	<u>\$ 31,636,963</u>	<u>\$ 37,497,545</u>	<u>\$ 69,134,508</u>

TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2021

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2021	\$ 104,727
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	<u>2,032</u>
Base	<u><u>\$ 106,759</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	\$ 240,208	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	480,416	-	-	-
3-3/4 times base	-	-	400,346	-	-
3-1/4 times base	-	-	-	346,967	-
3 times base	-	-	-	-	320,277
Total debt limitation	<u>240,208</u>	<u>480,416</u>	<u>400,346</u>	<u>346,967</u>	<u>320,277</u>
Indebtedness:					
Bonds payable	21,580	60,235	8,540	-	-
Bonds authorized and unissued	<u>8,093</u>	<u>9,806</u>	<u>1,265</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>29,673</u>	<u>70,041</u>	<u>9,805</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 210,535</u></u>	<u><u>\$ 410,375</u></u>	<u><u>\$ 390,541</u></u>	<u><u>\$ 346,967</u></u>	<u><u>\$ 320,277</u></u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$747,313.