



December 31, 2019

**MEMORANDUM TO PROSPECTIVE BIDDERS**

**Re: TOWN OF BETHEL, CONNECTICUT  
\$21,000,000 General Obligation Bond Anticipation Notes**

**Dated: January 16, 2020      Date of Sale: Tuesday, January 7, 2020  
Due: July 24, 2020          Time of Sale: 11:30 A.M. (Eastern Time)**

***\*\*Phone Number to Place Bid: (203) 283-1110\*\****

As per the Notice of Telephone Sale, proposals may be submitted by telephone on Tuesday, January 7, 2020. Please note that a representative of Phoenix Advisors, LLC will be available until 11:30 A.M. (Eastern Time) on the day of the sale to assist with telephone bids. We ask that you submit your final bid by telephone at **(203) 283-1110 no later than 11:30 A.M. on Tuesday, January 7, 2020.**

*The issue of notes is exempt from the provisions of Rule 15c2-12, as amended, of the Securities and Exchange Commission. No Official Statement has been prepared by or on behalf of the Issuer for this sale.*

The General Purpose Financial Statements have been excerpted from the Annual Financial Report of the Town of Bethel, Connecticut as of June 30, 2019. These excerpts are included in this package. Copies of the complete reports for June 30, 2019 are available upon request from Phoenix Advisors, LLC, Attention: Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone (203) 283-1110.

We trust we may be of service.

**PHOENIX ADVISORS, LLC**



## **BAN Sale Term Sheet**

**\$21,000,000**

### **Town of Bethel, Connecticut General Obligation Bond Anticipation Notes**

<b>Date of Sale:</b>	Tuesday, January 7, 2020 at 11:30 A.M. (Eastern Time).
<b>Location of Sale:</b>	Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, Connecticut 06460. Telephone: (203) 283-1110
<b>Issuer:</b>	Town of Bethel, Connecticut (the "Town").
<b>Issue:</b>	\$21,000,000 General Obligation Bond Anticipation Notes (the "Notes").
<b>Dated Date:</b>	January 16, 2020
<b>Principal and Interest Due:</b>	At maturity on July 24, 2020
<b>Purpose:</b>	The Notes are being issued to finance various school projects.
<b>Denominations:</b>	In minimum denominations of \$100,000 or multiples of \$1,000 in excess thereof.
<b>Redemption:</b>	The Notes are not subject to redemption prior to maturity.
<b>Security:</b>	The Notes will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of principal of and interest on the Notes when due.
<b>Credit Rating:</b>	No application for a rating on this Note issue has been made to any credit rating agency. The Town has an outstanding bond rating of "AAA" from Standard & Poor's and "AAA" from Fitch Ratings.
<b>Basis of Award:</b>	Lowest Net Interest Cost (NIC), as of dated date.
<b>Form of Legal Opinion and Tax Exemption:</b>	See "Bond Counsel Opinion" in the Notice of Telephone Sale.
<b>Bank Qualification:</b>	The Notes <u>SHALL NOT</u> be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Notes.
<b>Registrar, Transfer Agent, Certifying Agent and Paying Agent:</b>	U.S Bank National Association of Hartford, Connecticut, Goodwin Square, 225 Asylum Street, 23rd Floor, Hartford, Connecticut 06103.
<b>Option for No Book Entry:</b>	A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC. See "Option for No Book Entry" in Notice of Sale.
<b>Financial Advisor:</b>	Phoenix Advisors, LLC of Milford, Connecticut will act as Municipal Advisor. Barry J. Bernabe, Managing Director, 53 River Street, Suite 1, Milford, Connecticut, telephone: (203) 283-1110, email: bbernabe@muniadvisors.com
<b>Legal Opinion:</b>	Pullman & Comley LLC, of Bridgeport, Connecticut will act as Bond Counsel.
<b>Delivery and Payment:</b>	It is expected that delivery of the Notes in book-entry-only form will be made to The Depository Trust Company on or about January 16, 2020. Delivery of the Notes will be made against payment in immediately available Federal Funds.
<b>Issuer Official:</b>	Questions concerning the Town should be directed to Robert V. Kozlowski, Comptroller, Municipal Center, 1 School Street, Bethel, Connecticut 06801, telephone: (203) 794-8563.

**NOTICE OF TELEPHONE SALE  
TOWN OF BETHEL, CONNECTICUT**

**\$21,000,000 GENERAL OBLIGATION BOND ANTICIPATION NOTES  
Dated January 16, 2020: Due July 24, 2020**

Bids by TELEPHONE will be received by the **TOWN OF BETHEL**, Connecticut (the “Town”), at 203-283-1110 until **11:30 A.M. (Eastern Time), Tuesday**

**January 7, 2020**

(the “Bid Date”) for the purchase of the above-captioned **TOWN OF BETHEL** General Obligation Bond Anticipation Notes (the “Notes”) which mature on July 24, 2020.

**The Issue**

The full faith and credit of the Town will be pledged for the prompt payment of the principal of and the interest on the Notes. The Notes will be general obligations of the Town payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut General Statutes, as amended. The Notes will be dated January 16, 2020 and will be payable to the registered owners on July 24, 2020. They will be issued in minimum denominations of \$100,000 or multiples of \$1,000 in excess thereof. Denominations of less than \$100,000 will not be made available. The Notes will bear interest (computed on a 360-day year, 30-day month basis) payable at maturity at the rate or rates per annum fixed in the proposal accepted for their purchase, which rates shall be in multiples of 1/100 of 1% per annum.

The Notes are NOT subject to redemption prior to maturity.

**Bid Requirements**

Telephone bids for the Notes will be received until 11:30 A.M. (Eastern Time) on behalf of the Town by Phoenix Advisors, LLC, the Town’s municipal advisor. All telephone bids must be made to Phoenix Advisors, LLC at 203-283-1110 and be completed by 11:30 A.M. (Eastern Time) on Tuesday, January 7, 2020. Bidders shall recognize that a bid by telephone means that the bidder accepts the terms and conditions of this Notice of Sale and agrees to be bound by such and, further, such bidder recognizes and accepts the risk that its telephone bid may not be received by the Town through its agent or may be received later than the time specified as the result of a failure in communications including, but not limited to, a failure in telephonic communications, or the inability to reach the Town through its agent by the time required. A bid received after the time specified, as determined in the Town’s sole discretion, will not be reviewed or honored by the Town.

A proposal may be for all or any part of the Notes, but any proposal for a part must be for at least \$100,000 or multiples of \$1,000 in excess thereof. A separate proposal will be required for each part of the Notes for which a separate stated interest rate is bid.

## **Award, Delivery and Payment**

Unless all bids are rejected, the Notes will be awarded on the basis of the lowest net interest cost, computed as to each interest rate stated by adding the total interest which will be paid at such rate and deducting therefrom any premium offered. As between proposals resulting in the same lowest net interest cost, the award will be made on the basis of the highest principal amount of the Notes specified. In the event that two or more bidders offer bids at the same lowest net interest cost and the same principal amount, the Town will determine by lot which of such bidders will be awarded the Notes. No bid for less than par and accrued interest, if any, will be considered and the Town reserves the right to award to any bidder(s) all or any part of the Notes bid for in its proposal. If a bidder is awarded only a part of the Notes bid for in its proposal, any premium offered in such proposal will be proportionately reduced so that the net interest cost shall be the same as in the bidder's proposal with respect to the amount bid, carried to four places. The purchase price must be paid in Federal Funds.

Bids will be finally accepted or rejected promptly after opening and not later than 1:00 P.M. Eastern Time on the Bid Date in accordance with the provisions herein.

At or prior to the delivery of the Notes the successful bidder shall be furnished, without cost, with the approving opinion of Pullman & Comley, LLC, of Bridgeport, Connecticut, Bond Counsel. The successful bidder will also be furnished with a receipt of payment for the Notes, a Signature and No Litigation Certificate, dated as of the date of delivery of the Notes, stating that there is no litigation pending, or to the knowledge of the signers thereof, threatened, affecting the validity of the Notes or the power of the Town to levy and collect taxes to pay them.

The Notes will NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Notes.

The Town will have no responsibility to pay for any expenses of the purchaser except to the extent specifically stated in this Notice of Sale. The purchaser will have no responsibility to pay for any of the Town's costs of issuance except to the extent specifically stated in this Notice of Sale.

The purchaser will be responsible for the clearance or exemption with respect to the status of the Notes for sale under securities or "Blue Sky" laws and the preparation of any surveys or memoranda in connection with such sale. The Town shall have no responsibility for such clearance, exemption or preparation.

It is expected that the Notes will be delivered to The Depository Trust Company ("DTC") on or about January 16, 2020 against payment in immediately available Federal Funds. The deposit of the Notes with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. It shall be the responsibility of the winning purchaser to obtain CUSIP numbers for the Notes prior to delivery and the Town will not be responsible for any delay occasioned by the inability to deposit the Notes with DTC due to the failure of the winning purchaser to obtain such numbers and to supply them to the Town in a timely manner. Neither the failure to print such CUSIP number on any note, nor any error with respect thereto, shall constitute a cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Notes.

## **Establishment of Issue Price**

In order to provide the Town with information that enables it to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), relating to the exclusion of interest on the

Notes from the gross income of their owners, the winning bidder will be required to complete, execute, and deliver to the Town at or prior to the delivery of the Notes an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the Public (the “Initial Offering Price”) or the actual sales price or prices of the Notes, as circumstances may determine, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of Bond Counsel. However, such certificate may indicate that the winning bidder has purchased the Notes (or a portion thereof) for its own account in a capacity other than as an Underwriter, and currently has no intent to reoffer the Notes for sale to the Public (as defined below). For purposes of this “Establishment of Issue Price” section, Bond Counsel may act on behalf of the Town.

The Town intends that the provisions of Treasury Regulations Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Notes) will apply to the initial sale of the Notes (the “Competitive Sale Rule”) because:

- (1) the Town shall disseminate, or have disseminated on its behalf, this Notice of Sale to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Town anticipates receiving bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Town anticipates awarding the sale of the Notes to the bidder who submits a firm offer to purchase the Notes at the lowest net interest cost, as set forth in this Notice of Sale.

By submitting a bid, each bidder is certifying that (i) it is an underwriter with an established industry reputation for underwriting municipal bonds, and (ii) its bid is a firm offer to purchase the Notes, is a good faith offer which the bidder believes reflects current market conditions, and is not a “courtesy bid” being submitted for the purpose of assisting in meeting the Competitive Sale Rule, including the requirement that bids be received from at least three (3) underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds. Phoenix Advisors will advise the winning bidder if the Competitive Sale Rule was met at the same time it notifies the winning bidder of the award of the Notes. Bids will not be subject to cancellation in the event that the Competitive Sale Rule is not satisfied.

In the event that the Competitive Sale Rule is not satisfied, the Town shall treat the first price at which 10% of the Notes (the “Actual Sale Rule”) are sold to the Public as the issue price of the Notes. In such event, the winning bidder shall promptly advise the Town if the Notes satisfy the Actual Sale Rule as of the Bid Date.

To satisfy the Actual Sale Rule for the Notes, the winning bidder:

- (1) will make a bona fide offering to the Public of all of the Notes at the Initial Offering Price and provide the Town with reasonable supporting documentation, such as a copy of the pricing wire or equivalent communication, the form of which is acceptable to Bond Counsel,

- (2) will report to the Town information regarding the actual prices at which at least 10% of the Notes have been sold to the Public,
- (3) will provide the Town with reasonable supporting documentation or certifications of such sale prices the form of which is acceptable to Bond Counsel. This reporting requirement, which may extend beyond the closing date of the Notes, will continue until such date that 10% of the Notes has been sold to the Public at such sale price, and
- (4) has or will include within any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the winning bidder is a party) relating to the initial sale of the Notes to the Public, together with the related pricing wires, language obligating each Underwriter to comply with the reporting requirement described above.

Sales of any Notes to any person that is a Related Party (as defined below) to an Underwriter shall not constitute sales to the Public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (1) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
- (2) “*Related Party*” generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.
- (3) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Town (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Notes to the Public (including a member of the selling group or a party to a third party distribution agreement participating in the initial sale of the Notes to the Public

### **Right to Reject Bids; Waiver**

The right is reserved to reject any and all proposals and to reject any proposal not complying with this Notice of Sale and to waive any irregularity or informality with respect to any proposal.

### **Postponement; Change of Terms**

The Town reserves the right to alter any terms of the Notes or this Notice of Sale and to postpone, from time to time, the date or time established for the receipt of the bids.

### **Book-Entry**

Subject to the paragraph below, the Notes will be issued by means of a book-entry system with no physical distribution of certificates made to the public. The Notes will be issued in registered form and one note certificate for each interest rate will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book-entry system will be employed, evidencing ownership of the Notes in principal amounts of \$100,000 or

multiples of \$1,000 in excess thereof, with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures adopted by DTC and its Participants. The successful bidder or bidders, as a condition to delivery of the Notes, will be required to deposit the note certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Notes will be payable by the Town or its agent in Federal funds to DTC or its nominee as registered owner of the Notes. Principal and interest payments to Participants of DTC will be the responsibility of DTC. Principal and interest payments to Beneficial Owners by Participants of DTC will be the responsibility of such Participants and other nominees of Beneficial Owners. The Town will not be responsible or liable for payments by DTC to its Participants or by DTC Participants to Beneficial Owners or for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Notes and the Town fails to identify another qualified securities depository to replace DTC, or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Notes, the Town will authenticate and deliver replacement Notes in the form of fully registered Note certificates directly to the Beneficial Owners of the Notes or their nominees.

### **Option for No Book Entry**

A bidder for the Notes may request that the Notes be issued in the form of a single fully registered physical certificate in the par amount of the Notes, rather than in book-entry form through the facilities of DTC, provided the bid is for all the Notes at the same interest rate. A bidder for the Notes requesting that the Notes be issued in non-book-entry form may request that it be designated by the Town as the Certifying Agent, Registrar and Paying Agent for the Notes if it is a bank or trust company authorized to act in such capacity pursuant to the Connecticut General Statutes. Any bidder seeking to have the Notes issued in non-book-entry form, or to be designated as Certifying Agent, Registrar and Paying Agent for such Notes, shall indicate this preference to the Town at the time of the submission of the bid. The Town reserves the right to decline any request to issue the Notes in non-book entry form, or to designate the successful bidder as Certifying Agent, Registrar and Paying Agent for the Notes, if it should determine, in its sole discretion, that issuing the Notes in such manner or with such designation is not in its best interests. If the Notes are issued in non-book-entry form, the successful bidder, and any subsequent registered owner of the Notes, shall not impose on or charge the Town any costs or expenses of any re-registration or transfer of Notes from time to time, including any costs of counsel or of converting the Notes to book-entry only form, or for any costs or expenses of services as Certifying Agent, Registrar and Paying Agent for the Notes if the successful bidder is so designated.

### **No Continuing Disclosure or Official Statement**

Since the Notes mature not more than nine months from the date of issue and are in denominations of \$100,000 or more, the undertaking to provide an official statement or continuing disclosure under SEC Rule 15c2-12 does not apply to the Notes. Therefore, the Town will not provide an official statement nor enter into a continuing disclosure agreement with respect to the Notes.

**Additional Information**

More information concerning the issue and the Town may be obtained from Barry J. Bernabe, Managing Director, Phoenix Advisors, LLC, 53 River Street, Suite 1, Milford, CT 06460, Tel. 203-283-1110.

Matthew S. Knickerbocker  
First Selectman

Robert V. Kozlowski  
Comptroller

December 31, 2019



## FORM OF BOND COUNSEL OPINION

January 16, 2020

Town of Bethel  
Clifford J. Hurgin Municipal Center  
One School Street  
Bethel, CT 06801

We have acted as Bond Counsel in connection with the issuance by the Town of Bethel (the “Town”), in the State of Connecticut, of its \$21,000,000 General Obligation Bond Anticipation Notes (the “Notes”) dated January 16, 2020 and maturing July 24, 2020. In such capacity, we have examined a record of proceedings of the Town authorizing the Notes, a Tax Regulatory Agreement of the Town dated January 16, 2020 (the “Agreement”), such law and such other proceedings, certifications, and documents as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We are of the opinion that when the Notes are duly certified by U.S. Bank National Association, they will be valid and legally binding general obligations of the Town payable as to both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts pursuant to Connecticut statutes. We are further of the opinion that the Agreement is a valid and binding agreement of the Town and was duly authorized by the Town.

The rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be satisfied at and subsequent to the issuance and delivery of the Notes in order that interest on the Notes be excluded from gross income under Section 103 of the Code. In the Agreement, the Town has made covenants and representations designed to assure compliance with such requirements of the Code. The Town has covenanted in the Agreement that it will at all times comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes to ensure that interest on the Notes shall not be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes, including covenants regarding, among other matters, the use, expenditure and investment of the proceeds of the Notes.

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

In our opinion, under existing law, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference under the Code for purposes of the federal

alternative minimum tax. We express no opinion regarding other federal income tax consequences caused by the ownership or disposition of, or receipt of interest on the Notes.

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

The foregoing opinion is based upon existing laws, regulations, rules and court decisions. We undertake no responsibility to inform you of any changes in law or fact occurring after the date hereof which may affect the conclusions herein. We have not undertaken to advise whether any events after the date of issuance of the Notes, including the adoption of federal tax legislation, may affect the tax status of interest on the Notes.

Respectfully,

PULLMAN & COMLEY, LLC

# **TOWN OF BETHEL, CONNECTICUT**

## **FINANCIAL INFORMATION**

Excerpted from the  
Annual Financial Statements of  
The Town of Bethel, Connecticut  
Year Ended June 30, 2019

## **Independent Auditors' Report**

**Board of Finance**  
**Town of Bethel, Connecticut**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Bethel, Connecticut ("Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town'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 auditor's 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.

**Board of Finance  
Town of Bethel, Connecticut**

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***Opinions***

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

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and the pension and other post-employment benefit plan schedules as listed in the table of contents, respectively, 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's basic financial statements. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental 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 supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Board of Finance  
Town of Bethel, Connecticut**

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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of the Town'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 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'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's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

Wethersfield, Connecticut  
December 30, 2019



# COMPTROLLER'S OFFICE

C.J. Hurgin Municipal Center  
1 School Street, Bethel, CT 06801 (203) 794-8512

*Robert V. Kozlowski, Comptroller  
Brad C. Heering, Ass't Comptroller*

## Management's Discussion and Analysis For the Year Ended June 30, 2019

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As management of the Town of Bethel, Connecticut ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial position and activities of the Town for the fiscal year ended June 30, 2019.

### **Financial Highlights**

- On a government-wide basis, the Town's total net position increased by \$5,598,390 for the fiscal year, \$3,865,770 of which was generated by governmental activities and \$1,732,620 from business-type activities. The main reasons for the increase were as follows:
  - Positive operations of the general fund of \$4,279,136 before transfers of \$4,926,536 to the debt service and capital nonrecurring funds
  - Negative operations of the bonded projects fund of (\$8,017,186) due to the use of short-term financing
  - The differences in the basis of accounting between the modified accrual basis used for the governmental funds as compare to the government wide financial statement that use the accrual basis of accounting (Exhibit E) . The two most significant accounts impacted by the different basis of accounting are capital assets and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$7,701,758, partially offset by net debt activity.
- Business-type activities reported an increase in net position of \$1,732,620 due to the positive operations of the water fund of \$569,763 and of the sewer fund of \$1,162,857.
- The Town's combined net position totals \$128,019,241. Of this amount, \$17,844,016 is available (unrestricted) to finance ongoing programs. This includes \$15,926,258 for business-type activities, while the governmental activities resulted in a balance of \$1,917,758.
- At year end, the unassigned fund balance for the general fund was \$17,992,096 or 22.92% of total general fund budgetary basis expenditures and transfers out.
- The Town's long-term debt decreased by \$2,026,038. The decrease is the result of scheduled debt service payments of \$2,930,612 offset by the issuance of drinking water loans of \$633,148 and equipment financing notes of \$271,426.

## **Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these accounts being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, health and welfare, public works, library and education. The business-type activities of the Town account for the Water and Sewer operations.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



For governmental funds, information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, bonded projects, and capital nonrecurring funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these other governmental funds is provided on Schedules 4 and 5 of this report.

**Proprietary funds.** The Town maintains five proprietary funds, two enterprise funds and three internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its Water and Sewer operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its self-insured medical benefits for current employees and retirees.

The data for the enterprise and internal service funds are provided in Exhibits F, G and H of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's pension and other post-employment benefit plans.

The Town adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The combining statements and supplemental schedules referred to earlier in connection with other governmental funds are presented immediately following the required supplementary information section.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$128,019,241 at the close of the fiscal year.

The largest portion of the Town's net position (85.18%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (0.88%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals \$17,844,016.

**Summary Statement of Net Position**  
June 30

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 44,036,151	\$38,483,821	\$17,528,543	\$16,595,447	\$ 61,564,694	\$ 55,079,268
Capital assets (net)	137,952,066	130,355,628	39,213,269	38,299,674	177,165,335	168,655,302
<b>Total assets</b>	<b>181,988,217</b>	<b>168,839,449</b>	<b>56,741,812</b>	<b>54,895,121</b>	<b>238,730,029</b>	<b>223,734,570</b>
Deferred outflows of resources	1,460,677	748,885	79,403	41,043	1,540,080	789,928
Long-term liabilities outstanding	69,051,592	69,512,535	16,155,264	16,358,791	85,206,856	85,871,326
Other liabilities	23,584,107	11,362,846	1,739,295	1,367,838	25,323,402	12,730,684
<b>Total liabilities</b>	<b>92,635,699</b>	<b>80,875,381</b>	<b>17,894,559</b>	<b>17,726,629</b>	<b>110,530,258</b>	<b>98,602,010</b>
Deferred inflows of resources	1,479,325	3,244,853	241,285	256,784	1,720,610	3,501,637
Net investment in capital assets	86,287,093	85,555,251	22,759,113	21,857,002	109,046,206	107,412,253
Restricted	1,129,019	634,475	-	-	1,129,019	634,475
Unrestricted	1,917,758	(721,626)	15,926,258	15,095,749	17,844,016	14,374,123
<b>Total net position</b>	<b>\$ 89,333,870</b>	<b>\$85,468,100</b>	<b>\$38,685,371</b>	<b>\$36,952,751</b>	<b>\$ 128,019,241</b>	<b>\$ 122,420,851</b>

The Town's total net position increased by \$5,598,390 during the current fiscal year. The main reasons for the increase are as follows:

**Governmental activities.** Already noted was the statement of activities' purpose in presenting information on how the Town's net position changed during the most recent fiscal year. For the fiscal year, net position increased \$3,865,770. The main reasons for the increase were positive operations of the general fund of \$4,279,136 before transfers of \$4,926,536 to the debt service and capital nonrecurring funds offset by the negative operations of the bonded projects funds of (\$8,017,186) and the differences in the basis of accounting between the modified accrual basis used for the governmental funds as compare to the government wide financial statement that use the accrual basis of accounting. The two most significant accounts impacted by the different basis of accounting are capital assets and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$7,701,758, partially offset by net debt activity that accounted for the balance of the increase.

The reader should remember that the basis of accounting used in the government-wide statement of activities excludes capital expenditures while its revenues include general taxes whose primary purpose is for the construction of those very assets or their related debt service.

**Business-type activities.** Business-type activities reported an increase in net position of \$1,732,620 due to the positive operations of the water fund of \$569,763 and positive operations of the sewer fund of \$1,162,857 during the current year. This was substantially due to a capital grant in the sewer fund for the sanitary sewer evaluation and design and decreases in the water and sewer funds for contracted services and capital improvements as compared to the prior year.

Management's Discussion and Analysis (continued)

**Statement of Changes in Net Position  
For the Years Ended June 30**

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,620,026	\$ 3,153,971	\$ 5,507,040	\$ 5,256,119	\$ 9,127,066	\$ 8,410,090
Operating grants and contributions	17,234,005	20,464,825	-	-	17,234,005	20,464,825
Capital grants and contributions	1,059,463	1,848,471	531,808	223,294	1,591,271	2,071,765
General revenues:						
Property taxes	66,738,717	63,965,879	-	-	66,738,717	63,965,879
Grants and contributions not restricted to specific programs	350,689	478,996	-	-	350,689	478,996
Income from investments	1,009,997	518,409	5,410	23,202	1,015,407	541,611
<b>Total revenues</b>	<b>90,012,897</b>	<b>90,430,551</b>	<b>6,044,258</b>	<b>5,502,615</b>	<b>96,057,155</b>	<b>95,933,166</b>
Expenses:						
General government	8,537,493	8,611,311	-	-	8,537,493	8,611,311
Public safety	9,323,403	8,880,407	-	-	9,323,403	8,880,407
Health and welfare	510,481	425,227	-	-	510,481	425,227
Public works	5,411,402	4,867,475	-	-	5,411,402	4,867,475
Library	1,414,422	1,381,685	-	-	1,414,422	1,381,685
Education	59,234,076	59,549,180	-	-	59,234,076	59,549,180
Interest	1,715,850	927,623	-	-	1,715,850	927,623
Water department	-	-	1,846,712	1,519,692	1,846,712	1,519,692
Sewer department	-	-	2,464,926	3,048,375	2,464,926	3,048,375
<b>Total expenses</b>	<b>86,147,127</b>	<b>84,642,908</b>	<b>4,311,638</b>	<b>4,568,067</b>	<b>90,458,765</b>	<b>89,210,975</b>
Change in net position	3,865,770	5,787,643	1,732,620	934,548	5,598,390	6,722,191
Net position - July 1	85,468,100	79,680,457	36,952,751	36,018,203	122,420,851	115,698,660
Net position - June 30	\$ 89,333,870	\$ 85,468,100	\$ 38,685,371	\$ 36,952,751	\$ 128,019,241	\$ 122,420,851

**Governmental Activities - Revenues**

The significant changes in revenues for governmental activities as compared to the prior year were as follows:

- Operating grants and contributions decreased \$3,230,820 primarily due to a decrease in the on-behalf amount for the Town's allocable share of the State's contribution for the State Teachers' pension and OPEB Plans of \$2,897,021.
- Property taxes increased by \$2,772,838 primarily due to the increase in the tax levy due to the increase in budgeted expenditures and decreases in State funding.

### **Governmental Activities - Expenses**

The significant changes in expenses for governmental activities from the prior year were as follows:

- Education expenses decreased \$315,104 due to a decrease in the on-behalf amount for the Town's allocable share of the expense for the State Teachers' pension and OPEB plans of \$2,897,021 offset by an increase in the education budget of \$1,607,744 and an increase in pension expense.
- Public works expenses increased by \$543,927 substantially due to increases in employee benefits of \$190,131 and paving expenses of \$213,765.
- Public safety expenses increased \$442,996 substantially due to increases in accrued vacation and sick time of \$200,208 and depreciation expense of \$133,353 due to capitalization of the police station.

### **Business-Type Activities - Revenues**

- Charges for services increased \$250,921 over the prior year due to an increase in fees.
- Capital grants and contributions increased by \$308,514 during the year due to receipt of clean water fund grants for the sanitary sewer evaluation study. This resulted in revenue of \$56,759 for the Briar Cliff Project and \$112,661 for various main replacements.

### **Business-Type Activities - Expenses**

- Water expenses increased \$327,020 substantially due to an approximately \$295,000 increase in maintenance and other items below the capitalization threshold.
- Sewer expenses decreased \$583,449 substantially due to a \$503,133 decrease in contracted expenses for various maintenance projects and environmental testing.

### **Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

The combined fund balances of governmental funds is \$21,117,022. Of this amount, \$17,708 relates to nonspendable advances, \$1,129,019 is restricted, \$5,916,086 is committed and \$3,705,191 is assigned. The balance of \$10,349,018 is unassigned fund balance.

### **General Fund**

The general fund is the operating fund of the Town. The fund balance of the general fund decreased by \$647,400 for the current fiscal year. The major factors for this decrease were increased property tax revenues over budget expectations of \$1,735,286 and intergovernmental revenue over budgeted expectations by \$733,015 offset by transfers out from appropriation of fund balance of \$3,630,000 to the capital nonrecurring fund and the debt service fund.

Management's Discussion and Analysis (continued)

For expenditures, accounts with positive budgetary results were transferred to cover overages in other accounts and the transfer to the debt service fund. The most significant department under spent was general government by \$457,169 (before budget transfers) due to decreases in insurance and payroll related benefits costs.

Bonded Projects Fund

The Bonded Projects Fund's net change in fund balance was a decrease of \$8,017,186 for the fiscal year. This is a result of renovation costs for Johnson and Rockwell schools funded with bond anticipation notes. Once the projects are completed they will be financed with bonds and the deficit fund balance will be eliminated.

Capital Nonrecurring Fund

The Capital Nonrecurring Fund's net change in fund balance was an increase of \$2,544,451 for the fiscal year due to transfers in from the general fund for future capital items.

**Proprietary funds.** The Town's proprietary funds provide the same information found in the government-wide financial statements, but in more detail. The Town's enterprise funds generated an increase in net position of \$1,732,620 detailed as follows:

Water Department

Net position of the water department at the end of the year amounted to \$5,058,846 an increase of \$569,763. This was substantially due to an increase in fees of \$180,322, a capital grant of \$169,421 as well as less capital improvement expenses \$106,909 compared to the prior year.

Sewer Department

Net position of the sewer department at the end of the year amounted to \$33,626,525, an increase of \$1,162,857. This was due primarily to a decrease in contracted services of \$503,133 for less maintenance projects occurring and environmental testing as well as an increase in a capital grant of \$362,387 for the clean water funds.

General Fund Budgetary Highlights

A detailed budgetary comparison schedule is presented on RSI-1. A summary of that schedule follows:

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<b>Revenues and Other Financing Sources</b>					
Property taxes	\$ 64,806,034	\$ -	\$ 64,806,034	\$ 66,541,320	\$1,735,286
Intergovernmental	7,835,042	-	7,835,042	8,568,057	733,015
Charges for services, use of money and property, and other	2,011,448	-	2,011,448	2,889,650	878,202
Appropriation of fund balance	-	3,839,782	3,839,782	-	(3,839,782)
Totals	<u>74,652,524</u>	<u>3,839,782</u>	<u>78,492,306</u>	<u>77,999,027</u>	<u>(493,279)</u>
<b>Expenditures and Other Financing Uses</b>					
Expenditures	73,877,524	(586,754)	73,290,770	73,290,770	-
Transfers out	775,000	4,426,536	5,201,536	5,201,536	-
Totals	<u>\$ 74,652,524</u>	<u>\$ 3,839,782</u>	<u>\$ 78,492,306</u>	<u>\$ 78,492,306</u>	<u>\$ -</u>

**General Fund Budgetary Highlights**

The most significant budget transfers were as follows:

- The budget for employee benefits (general government) was decreased \$423,680 for additional expenditures in other departments as insurance premiums came in less than anticipated.
- Increase of \$3,630,000 to appropriations of fund balance and transfers out to the debt service fund of \$990,000 for payments on bond anticipation notes and to the capital nonrecurring fund of \$2,640,000 for future capital projects.

**Capital Assets and Debt Administration**

The Town's investment in capital assets in both governmental and business-type activities amounted to \$177,165,335, net of depreciation. This includes land, intangible assets, buildings, equipment and infrastructure (roads and bridges). Capital assets for governmental activities increased by 5.83% and business-type capital assets increased by 2.39%.

**Capital Assets - Net  
June 30**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 6,957,720	\$ 6,957,720	\$ 157,072	\$ 157,072	\$ 7,114,792	\$ 7,114,792
Construction in progress	7,873,344	15,291,811	3,342,223	3,097,268	11,215,567	18,389,079
Land improvements	2,726,179	2,206,362	-	-	2,726,179	2,206,362
Intangible assets	69,221	75,815	6,251,564	6,414,523	6,320,785	6,490,338
Buildings	78,099,170	64,907,118	398,178	460,745	78,497,348	65,367,863
Building improvements	11,339,396	11,859,948	98,789	103,550	11,438,185	11,963,498
Distribution and collection system	-	-	28,122,973	27,394,896	28,122,973	27,394,896
Machinery and equipment	3,547,576	3,713,339	807,212	632,636	4,354,788	4,345,975
Vehicles	4,961,758	4,299,971	35,258	38,984	4,997,016	4,338,955
Infrastructure	22,377,702	21,043,544	-	-	22,377,702	21,043,544
<b>Total</b>	<b>\$ 137,952,066</b>	<b>\$ 130,355,628</b>	<b>\$ 39,213,269</b>	<b>\$ 38,299,674</b>	<b>\$ 177,165,335</b>	<b>\$ 168,655,302</b>

The most significant capital asset additions were as follows:

**Governmental activities:**

- Construction in progress additions were \$8,442,887 during the year. This was offset by a \$15,861,354 transfer of completed projects to depreciable capital assets. Additions included \$5,767,789 for various school renovations and \$2,240,059 for the police station.
- Infrastructure additions totaled \$1,876,735 for various roads. \$788,291 of these additions came from construction in progress.

**Capital Assets and Debt Administration (continued)**

- Buildings additions were increased \$14,493,656 due to the police station from construction in progress.
- \$519,541 of equipment was purchased, primarily for computers and other technology equipment.
- \$973,988 in vehicles were purchased, including a fire truck and several police cars.
- Land improvements increased \$662,403 primarily due to the School Street streetscape project.

**Business-type Activities:**

- Construction in progress increased \$1,016,806 due to a number of projects during the year including the Briar Cliff mains project of \$236,517 and Bergstrom Field of \$300,179. This was offset by a \$771,851 transfer of completed projects to distribution and collection system.

Additional information on the Town's capital assets can be found in Note III D.

**Long-term Debt**

During the year, the Town's long-term debt decreased by \$2,026,038. The decrease is the result of scheduled debt service payments of \$2,930,612 offset by the issuance of drinking water loans of \$633,148 and equipment financing notes of \$271,426. At the end of the current fiscal year, the Town had total bonded and long-term debt outstanding of \$58,239,696, which is backed by the full faith and credit of the Town.

**Outstanding Long-Term Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General purpose bonds	\$22,610,000	\$ 23,095,000	\$11,880,000	\$12,655,000	\$ 34,490,000	\$ 35,750,000
School bonds	16,320,000	17,575,000	-	-	16,320,000	17,575,000
Equipment financing notes	3,520,414	3,500,472	-	-	3,520,414	3,500,472
Drinking water loan	-	-	3,909,282	3,440,262	3,909,282	3,440,262
Total	<u>\$42,450,414</u>	<u>\$ 44,170,472</u>	<u>\$ 15,789,282</u>	<u>\$ 16,095,262</u>	<u>\$ 58,239,696</u>	<u>\$ 60,265,734</u>

The Town maintains an "AA2" rating from Moody's and an "AAA" from Standard and Poor's and Fitch for general obligation debt.

The overall statutory debt limit for the Town is equal to seven times the prior year annual receipts from taxation or \$447,735,645, which is significantly in excess of the Town's outstanding general obligation debt.

Additional information on the Town's long-term debt can be found in Note III.G.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the Town is currently 3.5%, which is a decrease from fiscal year 2018. This is lower than both the State's average unemployment rate of 3.9% and the national average of 3.7%.
- Inflationary trends in the region compare favorably to national indices.
- Connecticut's economic and business growth remains flat. This lack of growth will have a negative impact on the amount of revenue the State receives from taxes. This will affect the amount of intergovernmental revenues the Town will receive in fiscal year 2020 and thereafter.

Town officials considered many factors when setting the fiscal year 2020 budget. The Town decided that it was important to adopt a budget designed to promote long-term fiscal stability. In order to meet the objectives of the budget, the Town recognized the need to continue its pattern of conservative budgeting while at the same time providing excellent services to our residents and taxpayers.

The 2020 general fund budget is \$77,991,516, an increase of 4.5% over the prior year. Non-tax revenue remained relatively consistent.

### **Requests for Information**

This financial report is designed to familiarize citizens, taxpayers and customers with the Town's finances and to demonstrate the Town's fiscal accountability for its operation. Questions concerning this report, or requests for additional financial information, should be directed to Mr. Robert V. Kozlowski, Comptroller, Bethel Municipal Center, 1 School Street, Bethel, Connecticut 06801. Telephone (203) 794-8512.



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# **Basic Financial Statements**

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Town of Bethel, Connecticut

Statement of Net Position  
June 30, 2019

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 16,266,088	\$ 594,867	\$ 16,860,955
Investments	29,496,886	411,047	29,907,933
Receivables:			
Property taxes	266,201	-	266,201
Assessments	-	2,455,720	2,455,720
Intergovernmental	253,602	-	253,602
Other	106,322	423,138	529,460
Internal balances	(3,820,893)	3,820,893	-
Other	107,641	-	107,641
Total current assets	<u>42,675,847</u>	<u>7,705,665</u>	<u>50,381,512</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash	<u>355,926</u>	<u>-</u>	<u>355,926</u>
Receivables (net):			
Property taxes	678,771	-	678,771
Assessments	-	9,822,878	9,822,878
Loan	<u>325,607</u>	<u>-</u>	<u>325,607</u>
Total receivables (net)	<u>1,004,378</u>	<u>9,822,878</u>	<u>10,827,256</u>
Capital assets (net of accumulated depreciation):			
Land	6,957,720	157,072	7,114,792
Construction in progress	7,873,344	3,342,223	11,215,567
Land improvements	2,726,179	-	2,726,179
Intangible assets	69,221	6,251,564	6,320,785
Buildings	78,099,170	398,178	78,497,348
Building improvements	11,339,396	98,789	11,438,185
Distribution and collection system	-	28,122,973	28,122,973
Machinery and equipment	3,547,576	807,212	4,354,788
Vehicles	4,961,758	35,258	4,997,016
Infrastructure	<u>22,377,702</u>	<u>-</u>	<u>22,377,702</u>
Total capital assets (net of accumulated depreciation)	<u>137,952,066</u>	<u>39,213,269</u>	<u>177,165,335</u>
Total noncurrent assets	<u>139,312,370</u>	<u>49,036,147</u>	<u>188,348,517</u>
Total assets	<u>181,988,217</u>	<u>56,741,812</u>	<u>238,730,029</u>
<u>Deferred Outflows of Resources</u>			
Pension related	929,500	52,621	982,121
OPEB related	<u>531,177</u>	<u>26,782</u>	<u>557,959</u>
Total deferred outflows of resources	<u>1,460,677</u>	<u>79,403</u>	<u>1,540,080</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Net Position  
June 30, 2019

<u>Liabilities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 4,309,929	\$ 347,611	\$ 4,657,540
Retainage payable	232,399	-	232,399
Accrued payroll and related liabilities	548,497	17,104	565,601
Accrued interest payable	257,814	40,375	298,189
Unearned revenue	1,480	-	1,480
Performance bonds	307,216	-	307,216
Bond anticipation notes	13,825,000	-	13,825,000
Interim funding obligation	-	337,985	337,985
Bonds and notes payable	3,003,480	983,467	3,986,947
Compensated absences	740,237	12,753	752,990
Other liabilities	358,055	-	358,055
Total current liabilities	<u>23,584,107</u>	<u>1,739,295</u>	<u>25,323,402</u>
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	40,694,672	14,910,115	55,604,787
Compensated absences	2,960,946	51,013	3,011,959
Net pension liability	10,648,641	450,573	11,099,214
OPEB liability	14,747,333	743,563	15,490,896
Total noncurrent liabilities	<u>69,051,592</u>	<u>16,155,264</u>	<u>85,206,856</u>
Total liabilities	<u>92,635,699</u>	<u>17,894,559</u>	<u>110,530,258</u>
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	300,931	-	300,931
Deferred charge on refunding	342,164	222,589	564,753
Pension related	469,036	182	469,218
OPEB related	367,194	18,514	385,708
Total deferred inflows of resources	<u>1,479,325</u>	<u>241,285</u>	<u>1,720,610</u>
<u>Net Position</u>			
Net investment in capital assets	86,287,093	22,759,113	109,046,206
Restricted for:			
General government	343,496	-	343,496
Public safety	89,048	-	89,048
Health and welfare	40,839	-	40,839
Housing rehabilitation program	464,130	-	464,130
Education	191,506	-	191,506
Unrestricted	1,917,758	15,926,258	17,844,016
Total net position	<u>\$ 89,333,870</u>	<u>\$ 38,685,371</u>	<u>\$ 128,019,241</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

**Town of Bethel, Connecticut**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 8,537,493	\$ 1,770,067	\$ 4,505	\$ 778,166	\$ (5,984,755)	\$ -	\$ (5,984,755)
Public safety	9,323,403	296,347	-	56,875	(8,970,181)	-	(8,970,181)
Health and welfare	510,481	35,806	7,296	-	(467,379)	-	(467,379)
Public works	5,411,402	190,153	323,296	224,422	(4,673,531)	-	(4,673,531)
Library	1,414,422	8,633	47,855	-	(1,357,934)	-	(1,357,934)
Education	59,234,076	1,319,020	16,851,053	-	(41,064,003)	-	(41,064,003)
Interest	1,715,850	-	-	-	(1,715,850)	-	(1,715,850)
<b>Total governmental activities</b>	<b>86,147,127</b>	<b>3,620,026</b>	<b>17,234,005</b>	<b>1,059,463</b>	<b>(64,233,633)</b>	<b>-</b>	<b>(64,233,633)</b>
Business-type activities:							
Water department	1,846,712	2,247,036	-	169,421	-	569,745	569,745
Sewer department	2,464,926	3,260,004	-	362,387	-	1,157,465	1,157,465
<b>Total business-type activities</b>	<b>4,311,638</b>	<b>5,507,040</b>	<b>-</b>	<b>531,808</b>	<b>-</b>	<b>1,727,210</b>	<b>1,727,210</b>
<b>Total</b>	<b>\$ 90,458,765</b>	<b>\$ 9,127,066</b>	<b>\$ 17,234,005</b>	<b>\$ 1,591,271</b>	<b>(64,233,633)</b>	<b>1,727,210</b>	<b>(62,506,423)</b>
General revenues:							
Property taxes					66,738,717	-	66,738,717
Grants and contributions not restricted to specific programs					350,689	-	350,689
Income from investments					1,009,997	5,410	1,015,407
<b>Total general revenues</b>					<b>68,099,403</b>	<b>5,410</b>	<b>68,104,813</b>
Change in net position					3,865,770	1,732,620	5,598,390
Net position - July 1, 2018					85,468,100	36,952,751	122,420,851
Net position - June 30, 2019					<b>\$ 89,333,870</b>	<b>\$ 38,685,371</b>	<b>\$ 128,019,241</b>

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2019

	General	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 14,533,956	\$ -	\$ 330,441	\$ 680,365	\$ 15,544,762
Restricted cash	355,926	-	-	-	355,926
Investments	17,981,788	9,349,858	768,598	-	28,100,244
Receivables (net):					
Property taxes	966,014	-	-	-	966,014
Intergovernmental	-	-	153,709	99,893	253,602
Loan	-	-	-	325,607	325,607
Other	106,322	-	-	-	106,322
Due from other funds	778,759	-	3,139,638	5,080,736	8,999,133
Advance to other funds	17,708	-	-	-	17,708
Other	91,455	-	-	16,186	107,641
<b>Total assets</b>	<b>\$ 34,831,928</b>	<b>\$ 9,349,858</b>	<b>\$ 4,392,386</b>	<b>\$ 6,202,787</b>	<b>\$ 54,776,959</b>
<u>Liabilities</u>					
Liabilities:					
Accounts payable	\$ 1,275,455	\$ 2,887,116	\$ 31,605	\$ 109,920	\$ 4,304,096
Retainage payable	-	232,399	-	-	232,399
Accrued payroll and related liabilities	548,497	-	-	-	548,497
Due to other funds	12,700,753	30,000	-	67,788	12,798,541
Unearned revenue	1,480	-	-	-	1,480
Bond anticipation notes	-	13,825,000	-	-	13,825,000
Performance bonds	307,216	-	-	-	307,216
Other liabilities	358,055	-	-	-	358,055
Advance from other funds	-	-	-	17,708	17,708
<b>Total liabilities</b>	<b>15,191,456</b>	<b>16,974,515</b>	<b>31,605</b>	<b>195,416</b>	<b>32,392,992</b>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	966,014	-	-	-	966,014
Advance property tax collections	300,931	-	-	-	300,931
<b>Total deferred inflows of resources</b>	<b>1,266,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,266,945</b>
<u>Fund Balances</u>					
Nonspendable	17,708	-	-	-	17,708
Restricted	-	-	-	1,129,019	1,129,019
Committed	363,723	-	4,360,781	1,191,582	5,916,086
Assigned	-	-	-	3,705,191	3,705,191
Unassigned	17,992,096	(7,624,657)	-	(18,421)	10,349,018
<b>Total fund balances</b>	<b>18,373,527</b>	<b>(7,624,657)</b>	<b>4,360,781</b>	<b>6,007,371</b>	<b>21,117,022</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 34,831,928</b>	<b>\$ 9,349,858</b>	<b>\$ 4,392,386</b>	<b>\$ 6,202,787</b>	<b>\$ 54,776,959</b>

(Continued)

The notes to the financial statements are an integral part of this statement.

**Town of Bethel, Connecticut**  
**Reconciliation of Fund Balance**  
**to Net Position of Governmental Activities**  
**June 30, 2019**

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different from the governmental fund balance sheet due to:

Total fund balance (Exhibit C, Page 1 of 2)	\$ 21,117,022
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Beginning capital assets	130,355,628
Capital assets additions (net of construction in progress)	11,196,995
Depreciation expense	(3,495,237)
Disposal of capital assets	(105,320)
Other long-term assets are not available resources and, therefore, are not reported in the funds:	
Property tax interest and lien accrual	203,958
Allowance for doubtful accounts	(225,000)
Other long-term assets and deferred outflows of resources are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
Property tax receivable - accrual basis change	966,014
Deferred outflows related to pensions	929,500
Deferred outflows related to OPEB	531,177
Internal service funds are used by management to charge the cost of medical insurance premiums to individual departments:	
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	2,090,650
Some liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds and notes payable	(42,450,414)
Premium	(1,247,738)
Compensated absences	(3,701,183)
Net pension liability	(10,648,641)
OPEB liability	(14,747,333)
Accrued interest payable	(257,814)
Deferred charge on refunding	(342,164)
Deferred inflows related to pensions	(469,036)
Deferred inflows related to OPEB	(367,194)
Net position of governmental activities (Exhibit A)	\$ 89,333,870

(Concluded)

The notes to the financial statements are an integral part of this statement.

## Town of Bethel, Connecticut

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For The Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Bonded Projects Fund</u>	<u>Capital Nonrecurring Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 66,541,320	\$ -	\$ -	\$ -	\$ 66,541,320
Intergovernmental	15,113,964	778,166	224,422	2,484,060	18,600,612
Charges for services	2,126,852	-	6,958	1,486,216	3,620,026
Use of money and property	1,007,093	-	2,481	423	1,009,997
Contributions	-	-	-	43,545	43,545
Total revenues	<u>84,789,229</u>	<u>778,166</u>	<u>233,861</u>	<u>4,014,244</u>	<u>89,815,500</u>
Expenditures:					
Current:					
General government	13,632,465	-	-	152,789	13,785,254
Public safety	5,700,236	-	-	49,721	5,749,957
Health and welfare	375,843	-	-	26,440	402,283
Public works	3,778,149	-	-	-	3,778,149
Library	838,100	-	-	19,467	857,567
Education	52,354,500	-	-	3,692,023	56,046,523
Debt service	3,830,800	-	-	-	3,830,800
Capital outlay	-	10,023,679	829,410	-	10,853,089
Total expenditures	<u>80,510,093</u>	<u>10,023,679</u>	<u>829,410</u>	<u>3,940,440</u>	<u>95,303,622</u>
Excess (deficiency) of revenues over expenditures	<u>4,279,136</u>	<u>(9,245,513)</u>	<u>(595,549)</u>	<u>73,804</u>	<u>(5,488,122)</u>
Other financing sources (uses):					
Issuance of debt	-	271,426	-	-	271,426
Premium	-	956,901	-	-	956,901
Transfers in	-	-	3,140,000	1,786,536	4,926,536
Transfers out	<u>(4,926,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,926,536)</u>
Net other financing sources (uses)	<u>(4,926,536)</u>	<u>1,228,327</u>	<u>3,140,000</u>	<u>1,786,536</u>	<u>1,228,327</u>
Net change in fund balances	(647,400)	(8,017,186)	2,544,451	1,860,340	(4,259,795)
Fund balances - July 1, 2018	<u>19,020,927</u>	<u>392,529</u>	<u>1,816,330</u>	<u>4,147,031</u>	<u>25,376,817</u>
Fund Balances - June 30, 2019	<u>\$ 18,373,527</u>	<u>\$ (7,624,657)</u>	<u>\$ 4,360,781</u>	<u>\$ 6,007,371</u>	<u>\$ 21,117,022</u>

The notes to the financial statements are an integral part of this statement.

## Town of Bethel, Connecticut

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to Statement of Activities  
For The Year Ended June 30, 2019**

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different due to:

Net change in fund balances - total governmental funds (Exhibit D) \$ (4,259,795)

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

Capital outlay	11,196,995
Depreciation expense	<u>(3,495,237)</u>

Total 7,701,758

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase/decrease net position. In the statement of activities, only the/loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold:

Loss on disposal of assets (105,320)

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 fund financial statements are not recognized in the statement of activities:

Change in property tax receivable - accrual basis change	168,428
Change in property tax interest and lien receivable	<u>28,969</u>

Total 197,397

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 however, 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 deferred and amortized in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Debt issued or incurred:	
Issuance of bonds and notes	(271,426)
Premium	(956,901)
Principal repayments:	
Bonds and notes	1,991,484
Capital lease	<u>218,759</u>
Total	<u>981,916</u>

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 governmental funds:

Amortization of premium	189,708
Compensated absences	127,826
Pension expense	(529,505)
OPEB expense	(1,155,644)
Accrued interest payable	(47,208)
Amortization of deferred charges	(19,034)
Amortization of deferred outflows related to pension	180,615
Amortization of deferred inflows related to pension	63,296
Amortization of deferred outflows related to OPEB	531,177
Amortization of deferred inflows related to OPEB	<u>36,429</u>

Total (622,340)

The net revenue (expenses) of the activities of the internal service funds is reported with governmental activities (27,846)

Change in net position of governmental activities (Exhibit B) \$ 3,865,770

The notes to the financial statements are an integral part of this statement.



Town of Bethel, Connecticut

Statement of Fund Net Position  
Proprietary Funds  
June 30, 2019

<u>Assets</u>	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Current assets:				
Cash	\$ 18,636	\$ 576,231	\$ 594,867	\$ 721,326
Investments	-	411,047	411,047	1,396,642
Receivables (net):				
Assessments	-	2,455,720	2,455,720	-
User fee	168,499	254,639	423,138	-
Due from other funds	-	4,900,090	4,900,090	-
Total current assets	187,135	8,597,727	8,784,862	2,117,968
Noncurrent assets:				
Receivables:				
Assessments	-	9,822,878	9,822,878	-
Capital assets (net):				
Land	24,123	132,949	157,072	-
Construction in progress	2,974,516	367,707	3,342,223	-
Intangible assets	3,543	6,248,021	6,251,564	-
Buildings	167,351	230,827	398,178	-
Building improvements	94,439	4,350	98,789	-
Distribution and collection system	7,810,011	20,312,962	28,122,973	-
Machinery and equipment	30,975	776,237	807,212	-
Vehicles	35,258	-	35,258	-
Total capital assets (net)	11,140,216	28,073,053	39,213,269	-
Total noncurrent assets	11,140,216	37,895,931	49,036,147	-
Total assets	11,327,351	46,493,658	57,821,009	2,117,968
<u>Deferred Outflows of Resources</u>				
Pension related	30,069	22,552	52,621	-
OPEB related	16,069	10,713	26,782	-
Total deferred outflows of resources	46,138	33,265	79,403	-

(Continued)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Fund Net Position  
Proprietary Funds  
June 30, 2019

Business-type Activities  
Enterprise Funds

<u>Liabilities</u>	<u>Major Funds</u>			Internal Service Funds
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Totals</u>	
Current liabilities:				
Accounts payable	\$ 209,214	\$ 138,397	\$ 347,611	\$ 5,833
Accrued payroll and related liabilities	12,269	4,835	17,104	-
Accrued interest payable	4,121	36,254	40,375	-
Due to other funds	1,079,197	-	1,079,197	21,485
Interim funding obligation	337,985	-	337,985	-
Bonds and notes payable	203,467	780,000	983,467	-
Compensated absences	9,551	3,202	12,753	-
Total current liabilities	<u>1,855,804</u>	<u>962,688</u>	<u>2,818,492</u>	<u>27,318</u>
Noncurrent liabilities:				
Bonds, notes and related liabilities	3,705,815	11,204,300	14,910,115	-
Compensated absences	38,204	12,809	51,013	-
Net pension liability	257,470	193,103	450,573	-
OPEB liability	446,138	297,425	743,563	-
Total noncurrent liabilities	<u>4,447,627</u>	<u>11,707,637</u>	<u>16,155,264</u>	<u>-</u>
Total liabilities	<u>6,303,431</u>	<u>12,670,325</u>	<u>18,973,756</u>	<u>27,318</u>
<u>Deferred Inflows of Resources</u>				
Deferred charge on refunding	-	222,589	222,589	-
Pension related	104	78	182	-
OPEB related	11,108	7,406	18,514	-
Total deferred inflows of resources	<u>11,212</u>	<u>230,073</u>	<u>241,285</u>	<u>-</u>
<u>Net Position</u>				
Net investment in capital assets	6,892,949	15,866,164	22,759,113	-
Unrestricted	(1,834,103)	17,760,361	15,926,258	2,090,650
Total net position	<u>\$ 5,058,846</u>	<u>\$ 33,626,525</u>	<u>\$ 38,685,371</u>	<u>\$ 2,090,650</u>

(Concluded)

The notes to the financial statements are an integral part of this statement.

Town of Bethel, Connecticut

Statement of Revenues, Expenses and Changes in Fund Net Position  
 Proprietary Funds  
 For The Year Ended June 30, 2019

	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Operating revenues:				
Charges for services	\$2,247,036	\$ 2,787,662	\$ 5,034,698	\$ 9,370
Operating expenses:				
Personnel services	799,328	486,054	1,285,382	-
Repairs and maintenance	293,954	156,018	449,972	-
Contracted services	277,677	757,568	1,035,245	-
Materials and supplies	55,951	19,902	75,853	-
Utilities	121,840	95,454	217,294	-
Insurance	27,052	19,023	46,075	-
Claims incurred	-	-	-	70,000
Depreciation and amortization	209,702	497,515	707,217	-
Total operating expenses	1,785,504	2,031,534	3,817,038	70,000
Operating income (loss)	461,532	756,128	1,217,660	(60,630)
Nonoperating revenues (expenses):				
Capital grant	169,421	362,387	531,808	-
Income from investments	18	5,392	5,410	32,784
Assessment bond interest	-	472,342	472,342	-
Interest expense	(61,208)	(433,392)	(494,600)	-
Net nonoperating revenues (expenses)	108,231	406,729	514,960	32,784
Change in net position	569,763	1,162,857	1,732,620	(27,846)
Total net position - July 1, 2018	4,489,083	32,463,668	36,952,751	2,118,496
Total net position - June 30, 2019	\$5,058,846	\$33,626,525	\$ 38,685,371	\$ 2,090,650

The notes to the financial statements are an integral part of this statement.

## Town of Bethel, Connecticut

**Statement of Cash Flows**  
**Proprietary Funds**  
**For The Year Ended June 30, 2019**

	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 2,231,737	\$ 2,764,942	\$ 4,996,679	\$ 9,370
Payments to suppliers	(1,279,315)	(948,139)	(2,227,454)	-
Payments to employees	(757,523)	(1,875,620)	(2,633,143)	-
Claims paid	-	-	-	(70,000)
Net cash from operating activities	<u>194,899</u>	<u>(58,817)</u>	<u>136,082</u>	<u>(60,630)</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,195,105)	(425,707)	(1,620,812)	-
Assessments	-	881,326	881,326	-
Assessment bond interest	-	472,342	472,342	-
Proceeds from grants and state drinking water loans	1,224,513	362,387	1,586,900	-
Principal payments (bonds and bond anticipation notes)	(164,128)	(775,000)	(939,128)	-
Interest payments	(60,179)	(456,532)	(516,711)	-
Net cash from capital and related financing activities	<u>(194,899)</u>	<u>58,816</u>	<u>(136,083)</u>	<u>-</u>
Cash flows from investing activities:				
Income from investments	<u>18</u>	<u>5,392</u>	<u>5,410</u>	<u>32,784</u>
Increase (decrease) in cash	18	5,391	5,409	(27,846)
Cash and cash equivalents - July 1, 2018	<u>18,618</u>	<u>981,887</u>	<u>1,000,505</u>	<u>2,145,814</u>
Cash and cash equivalents - June 30, 2019	<u>\$ 18,636</u>	<u>\$ 987,278</u>	<u>\$ 1,005,914</u>	<u>\$ 2,117,968</u>
Reconciliation to Exhibit F - Cash:				
Cash and cash equivalents per above	\$ 18,636	\$ 987,278	\$ 1,005,914	\$ 2,117,968
Cash and cash equivalents reported as investments	<u>-</u>	<u>(411,047)</u>	<u>(411,047)</u>	<u>(1,396,642)</u>
Cash - Exhibit F	<u>\$ 18,636</u>	<u>\$ 576,231</u>	<u>\$ 594,867</u>	<u>\$ 721,326</u>
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 461,532	\$ 756,128	\$ 1,217,660	\$ (60,630)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	209,702	497,515	707,217	-
(Increase) decrease in:				
Receivables	(15,299)	(22,720)	(38,019)	-
Due from other funds	-	(1,416,260)	(1,416,260)	-
Increase (decrease) in:				
Accounts and other payables	(22,343)	126,520	104,177	-
Due to other funds	(438,693)	-	(438,693)	-
Net cash from operating activities	<u>\$ 194,899</u>	<u>\$ (58,817)</u>	<u>\$ 136,082</u>	<u>\$ (60,630)</u>

The notes to the financial statements are an integral part of this statement.

## Town of Bethel, Connecticut

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<u>Pension Trust Funds</u>	<u>Private - Purpose Trust Funds</u>	<u>Custodial Funds</u>
<u>Assets</u>			
Cash	\$ -	\$ 48,105	\$ 50,000
Investments:			
Mutual funds:			
Equity	6,576,193	34,474	-
Bond	3,675,508	103,084	-
Certificates of deposit	-	-	673,855
Bank money market accounts	1,564,658	16,856	-
U.S. government obligations	7,955,683	-	-
U.S. government agency securities	-	163,588	-
Common stock	17,140,551	-	-
Corporate bonds	8,479,117	-	-
	<hr/>	<hr/>	<hr/>
Total investments	45,391,710	318,002	673,855
Prepaid benefits and fees	659,725	-	-
	<hr/>	<hr/>	<hr/>
Total assets	46,051,435	366,107	723,855
	<hr/>	<hr/>	<hr/>
<u>Net Position</u>			
Restricted for:			
Pensions benefits	46,051,435	-	-
Individuals and organizations	-	366,107	723,855
	<hr/>	<hr/>	<hr/>
Total net position	\$ 46,051,435	\$ 366,107	\$ 723,855
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

## Town of Bethel, Connecticut

**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For The Year Ended June 30, 2019**

	Pension Trust Funds	Private - Purpose Trust Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 2,250,000	\$ -	\$ -
Plan members	647,244	-	-
Private contributions	<u>-</u>	<u>54,025</u>	<u>-</u>
Total contributions	<u>2,897,244</u>	<u>54,025</u>	<u>-</u>
Activity fees	<u>-</u>	<u>-</u>	<u>1,050,186</u>
Investment income (loss):			
Change in fair value of investments	1,160,143	10,387	-
Interest and dividends	<u>1,486,091</u>	<u>15,743</u>	<u>-</u>
Total investment income (loss)	2,646,234	26,130	-
Less investment expenses	<u>323,440</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>2,322,794</u>	<u>26,130</u>	<u>-</u>
Total additions	<u>5,220,038</u>	<u>80,155</u>	<u>1,050,186</u>
Deductions:			
Benefits	2,640,254	-	-
Administration	336,794	150	-
Scholarships awarded	-	56,425	-
Activities and events	<u>-</u>	<u>-</u>	<u>997,251</u>
Total deductions	<u>2,977,048</u>	<u>56,575</u>	<u>997,251</u>
Change in net position	2,242,990	23,580	52,935
Net position - July 1, 2018	<u>43,808,445</u>	<u>342,527</u>	<u>670,920</u>
Net position - June 30, 2019	<u><u>\$ 46,051,435</u></u>	<u><u>\$ 366,107</u></u>	<u><u>\$ 723,855</u></u>

The notes to the financial statements are an integral part of this statement.

## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

## History and organization

The Town of Bethel, Connecticut ("Town") was incorporated in 1855 and covers an area of 17 square miles. The Town operates under a Selectmen-Town Meeting form of government as prescribed by the Connecticut General Statutes and its charter, which was adopted November 6, 1973. The Town provides the following services as authorized by its charter: public safety (police and fire), public works (streets and highways), public health and social services, sewers and water, a free public library and education encompassing grades PreK-12.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town does not report any component units.

## I. Summary of significant accounting policies

## A. 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 primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 and major individual enterprise funds are reported as separate columns in the fund financial statements.

## B. 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. Custodial funds do not have a measurement focus but are accounted for on the accrual basis of accounting. 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 revenues as soon as all eligibility requirements imposed by the provider have been met.

## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019**B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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 reimbursement grants, the Town considers revenues to be available if they are collected within one year 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. General capital asset acquisitions are reported as expenditures in governmental funds.

Intergovernmental revenues, charges for services 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. All other revenue items including property taxes, are considered to be measurable and available only when cash is received by the Town.

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 general government, except those required to be accounted for in another fund.

The *Bonded Projects Fund* accounts for the financial revenues to be used for major capital asset construction and/or purchases.

The *Capital Nonrecurring Fund* accounts for activities associated with major capital improvements and equipment.

The Town reports the following major proprietary funds:

The *Water Department Fund* accounts for the activities of the Town's water operations.

The *Sewer Department Fund* accounts for the activities of the Town's sewer operations.

Additionally, the Town reports the following fund types:

*Special Revenue Funds* are used to account for and report the proceeds of specific revenue resources that are restricted or committed to expenditures for specified purposes other than debt.

*The Debt Service Fund* is used to account for and report resources and expenditures that are assigned for the repayment of debt.

The *Internal Service Funds* account for risk financing activities for prescription benefits and Town and Board of Education retiree medical insurance benefits.

The *Pension Trust Funds* account for the activities of the Bethel Retirement System, which accumulates resources for pension benefit payments to qualified employees.

The *Private-Purpose Trust Funds* are used to account for resources legally held in trust for various scholarships. All resources of the fund, including any earnings on invested resources, may not be used to support the Town's activities.

The *Custodial Funds* account for monies held on behalf of students.



## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****B. Measurement focus, basis of accounting and financial statement presentation (continued)**

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 the Town's sewer and water operations and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all 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 water department enterprise fund, sewer department enterprise fund and of the Town's internal service funds are charges to customers for sales and services. The sewer department also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds 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.

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position of the Town's pension plans, the Connecticut State Teachers' Retirement System ("TRS") and the Connecticut Retiree Health Insurance Plan ("RHIP") have been determined on the same basis as they are reported by the Town's pension plans, TRS, and RHIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**C. Assets, liabilities, deferred outflows/inflows of resources and equity****1. Cash and investments****a. Cash**

The Town considers cash as cash on hand and demand deposits.

For cash flow purposes the Town considers cash equivalents money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

**b. Investments**

In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust (as defined), in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. For the capital nonrecurring fund, not more than 31% can be invested in equity securities. Investment income is recorded in the fund in which it was earned.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

The Town's pension funds have adopted a formal investment policy that defines allowable investments, prohibited investments, prohibited transactions, asset allocation guidelines, diversification guidelines and fixed income and cash equivalent guidelines.

The investment guidelines are as follows:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	20%	60%	60%
Fixed income	40%	90%	40%
Cash equivalents	2%	20%	N/A

No investment should be more than 5% of the total fund and not more than 25% should be in any one industry.

For fixed income investments, no more than 20% may be invested in bonds that are below investment grade. In addition, the maximum maturity for any single security is 30 years and the average portfolio maturity may not exceed 15 years.

**c. Method used to value investments**

Investments for the Town are reported at fair value except as described below. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**Fair value of investments**

The Town measures and records its investments using fair value measurement guidelines established by accounting principles generally accepted in the United States of America (GAAP). These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1:* Quoted prices for identical investments in active markets;
- Level 2:* Quoted prices for identical investments in markets that are not active; and
- Level 3:* Unobservable inputs.

**d. Risk policies**

**Interest rate risk** – Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk** – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town has no investment policy that would limit its investment choices due to credit risk other than State Statutes governing investments in obligations of any State or political subdivision or in obligations of the State of Connecticut or political subdivision.

**Concentration of credit risk** – Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital in any one depository.

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Town does not have a formal policy with respect to custodial credit risk.

Foreign currency risk – Foreign currency risk is the risk that the value of the investment may be affected by changes in the rate of exchange. The Town does not have a formal policy with respect to the foreign currency risk.

**2. Receivables and payables****a. Interfunds**

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 non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**b. Property taxes and other receivables**

In the government-wide financial statements, all trade, loan, property tax and water and sewer use receivables are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 37% of outstanding receivable balances and are calculated based upon prior collection history.

In the fund financial statements, all property taxes receivable at June 30, which have not been collected within sixty days of June 30, have been recorded as deferred inflows of resources since they are not considered to be available to finance expenditures of the current year.

Property taxes are assessed on property as of October 1. Real estate taxes are billed in the following July and are due in four installments, July 1, October 1, January 1 and April 1. Personal property and motor vehicle taxes are billed in July and are due in one installment, July 1. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date.

**3. Restricted assets**

The restricted assets for the Town are restricted for performance bonds and employee flex spending. Performance bonds are restricted until the monies are returned to the vendor after satisfactory completion of contract or the Town calls the bond for nonperformance. Flex spending amounts are restricted for employee benefits.

**4. 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 or business-type activities 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 for equipment, \$20,000 for improvements and \$100,000 for infrastructure, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

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.

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

<u>Assets</u>	<u>Years</u>
Land improvements	50
Intangible assets	15-75
Buildings	50-75
Building improvements	50
Equipment	10-25
Vehicles	7-25
Infrastructure	
Roads	75
Bridges	50
Sewer plant	50
Sewer lines	40-50
Water lines and pumping stations	50-100

Intangible assets for governmental activities are for computer software, which is amortized over the expected useful life of the software. Intangible assets for business-type activities are for computer software and for capacity at a sewer treatment plant owned and operated by another municipality. These are amortized over the useful life of the software and equipment.

**5. 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 that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The Town reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide statements for differences between expected and actual experience, changes in assumptions and net difference between projected and actual earnings on plan investments. The deferred outflow or inflow related to differences between expected and actual experience and changes in assumptions will be amortized over the average remaining service life of all plan members. The deferred outflow or inflow related to the net difference between projected and actual earnings on plan investments will be amortized over a five-year period.

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**

Deferred outflows of resources also include deferred outflows relating to advance refunding of debt. These amounts are deferred and are amortized over the life of the debt.

Advance tax collections represent taxes associated with a future period. This amount is recognized during the period in which the revenue is associated.

For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds' balance sheet. The governmental funds report unavailable revenues from several sources: property taxes (including advance collections, if any), sewer assessment and use charges. These amounts are recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated absences**

All employees, except those specified below, are granted vacation and sick time based upon contractual provisions. At anniversary year end, unused vacation and sick time do not accumulate or vest; therefore, in the event of termination or retirement, employees are not compensated for unused vacation and sick time.

The Board of Education employees are paid vacation on a fiscal year basis; therefore, unused vacation lapses at June 30. The Town employees are paid vacation on an anniversary date basis; therefore, a liability for unused vacation has been recorded. The liability for compensated absences has also been recorded in the enterprise funds' financial statements as a liability.

Certified employees at the Board of Education may accumulate up to 150 days of unused sick time. Only upon retirement are they entitled to receive 50% reimbursement. Retirement amounts are included in the current year budget to reimburse current year retirees.

Compensated absences are only reported in governmental funds if they are due and payable to an employee who has resigned or retired before or at fiscal year end.

**7. Long-term obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type 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 the 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.

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018

## C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)

## 8. Net position and fund balances

In the government-wide and enterprise fund financial statements, net position is classified into the following categories:

Net investment in capital assets

This category presents the net position that reflects capital assets net of only the debt applicable to the acquisition or construction of these assets. Debt issued for non-capital purposes, and unspent bond proceeds, are excluded.

Restricted net position

This category presents the net position restricted by external parties (creditors, grantors, contributors or laws and regulations).

Unrestricted net position

This category presents the net position of the Town which is not restricted.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

In the fund financial statements, fund balances are classified into the following categories:

Nonspendable

This category presents amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted

This category presents amounts that can be spent only for specific purposes because of enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed

This category presents amounts that can be used only for specific purposes determined by a formal action of the highest level of decision-making authority for the Town. Commitments may be established, modified or rescinded only through ordinances or resolutions approved by the Board of Finance.

Assigned

This category presents amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the passage of a resolution by the Board of Finance or a properly approved purchase order.

## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019**C. Assets, liabilities, deferred outflows/inflows of resources and equity (continued)**Unassigned

This category presents amounts that do not meet the criteria above and are available for any purpose. This category is only reported in the general fund for positive amounts and in any other fund that has a fund balance deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Board of Finance has provided otherwise in its commitment or assignment actions.

**Minimum Fund Balance Policy**

The Board of Finance adopted a minimum fund balance policy for the general fund. It is the policy of the Town to maintain a fund balance of 10% of the operating general fund expenditures.

**9. Use of estimates**

The preparation of the 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 including disclosures of contingent assets and liabilities and reported revenues, expenses and expenditures during the fiscal year. Accordingly, actual results could differ from those estimates.

**10. Reclassifications**

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. Stewardship, compliance and accountability****A. Basis of budgeting**

Only the General Fund has a legally adopted annual budget.

The Town uses the budgetary basis of accounting under which purchase orders for contracts or other commitments are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year end are reported in the budgetary statements included as required supplementary information.

Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**II. Stewardship, compliance and accountability (continued)****B. Donor-restricted endowments**

The Town has received certain endowments for various scholarship purposes. The amounts are reflected in net position as restricted for endowments. Investment income, including appreciation of \$48,082 for the Hennessy Scholarship fund, \$63,588 for the Menegay Scholarship fund and \$1,701 for the Education Scholarships fund, is approved for expenditure by the individual Boards of the benefiting activities and is included in restricted net position.

The Town allocates investment income of donor-restricted endowments in accordance with donor restrictions and Connecticut law, which has adopted the provisions of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Under UPMIFA, investment income earned on donor-restricted endowment funds is considered to be unrestricted in the absence of explicit donor restrictions. Further, in the absence of explicit donor restrictions regarding investment appreciation, such appreciation is treated the same as the related investment income. Investment losses that reduce the value of endowment investments below the original principal amount serve to reduce restricted net position or unrestricted net position, depending upon the applicable donor's stipulations regarding the treatment of investment income and appreciation.

**C. Capital projects authorizations**

The following is a summary of certain projects recorded in the Bonded Projects Fund:

Project Name	Project Authorization	Cumulative Expenditures	Project Balance
Road construction	\$ 1,038,808	\$ 1,038,808	\$ -
Road construction	500,000	209,009	290,991
General capital improvements	1,340,000	1,339,573	427
Police station	14,500,000	14,493,656	6,344
School renovations: Rockwell and Johnson	65,831,143	5,791,684	60,039,459
Totals	<u>\$83,209,951</u>	<u>\$22,872,730</u>	<u>\$60,337,221</u>



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**III. Detailed notes****A. Cash and Investments****1. Deposits - custodial credit risk**

At year end, the Town's bank balance was \$35,075,326 and was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 28,002,483
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>5,490,385</u>
Total amount subject to custodial credit risk	<u>\$ 33,492,868</u>

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist primarily of cash. From time to time, the Town's cash account balances exceed the Federal Deposit Insurance Corporation limit. The Town reduces its credit risk by maintaining its cash deposits with major financial institutions and monitoring their credit ratings.

**2. Investments**

- a. The Town's investments consisted of the following types and maturities. Specific identification was used to determine maturities:

Type of Investment	Fair Value	Investment Maturities (in Years)		
		N/A	Less Than 1	1-5 Years
Mutual funds:				
Equity	\$ 6,610,667	\$ 6,610,667	\$ -	\$ -
Bond	19,326,441	-	15,547,850	3,778,591
Certificates of deposit	12,293,345	-	12,293,345	-
Bank money market accounts	4,322,107	-	4,291,239	30,868
U.S. government obligations	7,955,684	-	-	7,955,684
U.S. government agency securities	163,588	-	163,588	-
Common stock	17,140,551	17,140,551	-	-
Corporate bonds	8,479,117	-	-	8,479,117
Total	<u>\$ 76,291,500</u>	<u>\$ 23,751,218</u>	<u>\$ 32,296,022</u>	<u>\$ 20,244,260</u>

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

A. Cash and Investments (continued)

b. The Town had the following recurring fair value measurements:

<u>Investments by Fair Value Level</u>	Amount	Quoted Market	Significant
		Prices in Active	Observable
		Markets	Inputs
		Level 1	Level 2
Mutual funds:			
Equity	\$ 6,610,667	\$ 6,610,667	\$ -
Bond	19,326,441	19,326,441	-
U.S. government obligations	7,955,684	-	7,955,684
U.S. government agency obligations	163,588	-	163,588
Common stock	17,140,551	17,140,551	-
Corporate bonds	8,479,117	-	8,479,117
Total investments by fair value level	59,676,048	\$ 43,077,659	\$ 16,598,389
<u>Other Investments</u>			
Certificates of deposit	12,293,345		
Bank money market accounts	4,322,107		
Total other investments	16,615,452		
Total investments	\$ 76,291,500		

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs: quoted prices for identical securities in markets that are not active.

The market approach was used to determine the value of bonds.

c. The Town's investments subject to credit risk had average ratings as follows by Standard & Poor's:

Type of Investment	Ratings					Totals
	AAA	AA	A	B	BBB	
Mutual Funds:						
Bonds	\$ 23,850	\$ 16,152,661	\$ -	\$ 2,297,154	\$ 852,776	\$ 19,326,441
U.S government obligations	7,955,684	-	-	-	-	7,955,684
U.S government agency securities	163,588	-	-	-	-	163,588
Corporate bonds	-	1,236,409	3,513,475	453,771	3,275,462	8,479,117
Total	\$ 8,143,122	\$ 17,389,070	\$ 3,513,475	\$ 2,750,925	\$ 4,128,238	\$ 35,924,830

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

A. Cash and Investments (continued)

d. Certain investments, which are covered by the Securities Investor Protection Corporation ("SIPC") up to \$500,000, including \$250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, debentures, certificates of deposit and money funds.

The Town's investments are subject to custodial credit risk as follows:

	Total	Less Insured Amounts	Amount Subject to Custodial Credit Risk
Common stock	\$ 17,140,551	\$ 500,000	\$ 16,640,551
U.S. government obligations	7,955,684	1,000,000	6,955,684
U.S. government agency securities	163,588	163,588	-
Corporate bonds	8,479,117	-	8,479,117
Total	<u>\$ 33,738,940</u>	<u>\$ 1,663,588</u>	<u>\$ 32,075,352</u>

B. Receivables

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables for the Town's government-wide financial statements with allowances for uncollectible accounts are presented below.

	Property Taxes		
	Taxes	Interest & Liens	Total
Current portion	<u>\$ 164,222</u>	<u>\$ 101,979</u>	<u>\$ 266,201</u>
Long-term portion	801,792	101,979	903,771
Less allowance for uncollectibles	<u>(150,000)</u>	<u>(75,000)</u>	<u>(225,000)</u>
Net long-term portion	<u>\$ 651,792</u>	<u>\$ 26,979</u>	<u>\$ 678,771</u>

	User Fee Receivables			Small Cities Loans
	Water Department	Sewer Department	Total	
Gross receivable	\$ 173,499	\$ 262,139	\$ 435,638	\$ 333,407
Less allowance for uncollectibles	<u>(5,000)</u>	<u>(7,500)</u>	<u>(12,500)</u>	<u>(7,800)</u>
Net receivable	<u>\$ 168,499</u>	<u>\$ 254,639</u>	<u>\$ 423,138</u>	<u>\$ 325,607</u>

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

C. Interfund accounts

1. Interfund payables and receivables

A summary of interfund balances is as follows:

	Corresponding Fund	Due From	Due To
<u>Major funds:</u>			
<u>General fund:</u>			
Health department grants	N/A	\$ -	\$ 40,839
Public safety grants	N/A	-	89,048
School lunch program	N/A	7,890	-
Education grants	N/A	-	1,016,216
Railroad station	N/A	-	32,841
Railroad station renovation	N/A	-	16,971
General government	N/A	-	12,201
Debt service	N/A	-	3,760,428
Small cities program	N/A	-	112,192
Capital nonrecurring	N/A	-	3,049,740
Water department	N/A	749,384	-
Sewer department	N/A	-	4,570,277
Internal service - Education medical	N/A	21,485	-
Total general fund		<u>778,759</u>	<u>12,700,753</u>
<u>Bonded projects:</u>			
Bonded projects	Capital nonrecurring	<u>-</u>	<u>30,000</u>
<u>Capital nonrecurring:</u>			
Capital nonrecurring	General fund	3,049,740	-
Capital nonrecurring	Debt service	59,898	-
Capital nonrecurring	Bonded projects	<u>30,000</u>	<u>-</u>
Total capital nonrecurring		<u>3,139,638</u>	<u>-</u>

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

C. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
<u>Water department:</u>			
Water department	Sewer department	\$ -	\$ 329,813
Water department	General fund	-	749,384
Total water department		-	1,079,197
<u>Sewer department:</u>			
Sewer department	Water department	329,813	-
Sewer department	General fund	4,570,277	-
Total sewer department		4,900,090	-
<u>Internal service funds:</u>			
Internal service - Education medical	General fund	-	21,485
<u>Other governmental funds:</u>			
Small cities program	General fund	112,192	-
Health department grants	General fund	40,839	-
Public safety grants	General fund	89,048	-
Education grants	General fund	1,016,216	-
School lunch program	General fund	-	7,890
Railroad station	General fund	32,841	-
Railroad station renovation	General fund	16,971	-
General government	General fund	12,201	-
Debt service	General fund	3,760,428	-
Debt service	Capital nonrecurring	-	59,898
Total other governmental funds		5,080,736	67,788
Grand total		<u>\$ 13,899,223</u>	<u>\$ 13,899,223</u>

All interfund balances resulted from the time lag between the dates payments occurred between funds for interfund goods, payroll and services provided or in instances where certain funds do not have a cash account.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Interfund accounts (continued)****1. Advance payable and receivable**

A summary of interfund advances is as follows:

	<u>Corresponding Fund</u>	<u>Advances To</u>	<u>Advances From</u>
General fund:			
Bennett property	N/A	\$ 17,708	\$ -
Other governmental funds:			
Bennett property	General fund	<u>-</u>	<u>17,708</u>
Grand total		<u>\$ 17,708</u>	<u>\$ 17,708</u>

Advances relate to working capital loans. Balances are not scheduled to be collected in the subsequent year.

**3. Interfund transfers**

A summary of interfund transfers for the fiscal year is as follows:

	<u>Corresponding Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund:			
Capital nonrecurring	N/A	\$ -	\$3,140,000
Debt service fund	N/A	<u>-</u>	<u>1,786,536</u>
Total general fund		<u>-</u>	<u>4,926,536</u>
Capital nonrecurring:			
Capital nonrecurring	General fund	<u>3,140,000</u>	<u>-</u>
Other governmental funds:			
Debt service	General Fund	<u>1,786,536</u>	<u>-</u>
Grand total		<u>\$4,926,536</u>	<u>\$4,926,536</u>

Transfers are used to move budgeted appropriations from the general fund for funding of the capital nonrecurring fund and various programs and activities in other funds and transfers for debt service.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 6,957,720	\$ -	\$ -	\$ 6,957,720
Construction in progress	15,291,811	8,442,887	15,861,354	7,873,344
Total capital assets, not being depreciated	22,249,531	8,442,887	15,861,354	14,831,064
Capital assets, being depreciated:				
Land improvements	3,223,553	662,403	-	3,885,956
Intangible assets	131,849	-	-	131,849
Buildings	88,929,745	14,493,656	-	103,423,401
Building improvements	18,859,434	89,141	-	18,948,575
Machinery and equipment	10,062,657	519,541	-	10,582,198
Vehicles	7,415,546	973,988	-	8,389,534
Infrastructure	25,621,050	1,876,733	287,228	27,210,555
Total capital assets, being depreciated	154,243,834	18,615,462	287,228	172,572,068
Total capital assets	176,493,365	27,058,349	16,148,582	187,403,132
Less accumulated depreciation for:				
Land improvements	1,017,191	142,586	-	1,159,777
Intangible assets	56,034	6,594	-	62,628
Buildings	24,022,627	1,301,604	-	25,324,231
Building improvements	6,999,486	609,693	-	7,609,179
Machinery and equipment	6,349,318	685,304	-	7,034,622
Vehicles	3,115,575	312,201	-	3,427,776
Infrastructure	4,577,506	437,255	181,908	4,832,853
Total accumulated depreciation	46,137,737	3,495,237	181,908	49,451,066
Total capital assets, being depreciated, net	108,106,097	15,120,225	105,320	123,121,002
Governmental activities capital assets, net	\$ 130,355,628	\$ 23,563,112	\$ 15,966,674	\$ 137,952,066

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

**Governmental activities:**

General government	\$ 269,949
Public safety	488,995
Public works	656,325
Library	209,741
Health and welfare	2,857
Education	1,867,370
Total depreciation expense	<u>\$ 3,495,237</u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Capital assets (continued)**

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 157,072	\$ -	\$ -	\$ 157,072
Construction in progress	3,097,268	1,016,806	771,851	3,342,223
Total capital assets, not being depreciated	3,254,340	1,016,806	771,851	3,499,295
Capital assets, being depreciated:				
Intangible assets	12,144,523	-	-	12,144,523
Buildings	4,272,637	-	-	4,272,637
Building improvements	161,839	-	-	161,839
Distribution and collection system	34,305,308	1,317,857	-	35,623,165
Machinery and equipment	1,692,672	58,000	-	1,750,672
Vehicles	159,916	-	-	159,916
Total capital assets, being depreciated	52,736,895	1,375,857	-	54,112,752
Total capital assets	55,991,235	2,392,663	771,851	57,612,047
Less accumulated depreciation for:				
Intangible assets	5,730,000	162,959	-	5,892,959
Buildings	3,811,892	62,567	-	3,874,459
Building improvements	58,289	4,761	-	63,050
Distribution and collection system	7,071,898	428,294	-	7,500,192
Machinery and equipment	898,550	44,910	-	943,460
Vehicles	120,932	3,726	-	124,658
Total accumulated depreciation	17,691,561	707,217	-	18,398,778
Total capital assets, being depreciated, net	35,045,334	668,640	-	35,713,974
Business-type capital assets, net	<u>\$ 38,299,674</u>	<u>\$ 1,685,446</u>	<u>\$ 771,851</u>	<u>\$ 39,213,269</u>

Depreciation/amortization expense was charged to functions/programs of the Town as follows:

**Business-type activities**

Water	\$ 209,702
Sewer	<u>497,515</u>
Total depreciation/amortization expense	<u>\$ 707,217</u>



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**E. Construction commitments**

The Town has the following construction commitments:

School projects \$ 49,241,181

**F. Short-term obligations – Bond anticipation notes and interim funding obligation**

The Town uses bond anticipation notes (“BANs”) during the construction period of various public projects prior to the issuance of the bonds at the completion of the project.

Short-term obligation activity for the fiscal year was as follows:

**Governmental activities:**

Project	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
General purpose- capital	\$ 4,450,000	\$ 3,825,000	\$ 4,450,000	\$ 3,825,000
School renovation	-	10,000,000	-	10,000,000
Total	<u>\$ 4,450,000</u>	<u>\$ 13,825,000</u>	<u>\$ 4,450,000</u>	<u>\$ 13,825,000</u>

The bond anticipation notes mature in July 2019, and carry a coupon interest rate of 3.00%. In July 2019, the Town issued \$15,990,000 of general obligation bond anticipation notes. These bond anticipation notes mature in July of 2020 and carry a coupon interest rate of 3.00%.

**Business-type activities:**

The Town had interim funding obligations from the Drinking Water Revolving Fund in the Water Fund. The obligation includes interest at 2% per year. The final project loan obligation will include accrued interest.

Project	Balance July 1, 2018	Additions	Deductions	Permanently Financed	Balance June 30, 2019
DWSRF 2018-7067	\$ -	\$ 633,148	\$ -	\$ 633,148	\$ -
DWSRF 2019-7075	-	337,985	-	-	337,985
	<u>\$ -</u>	<u>\$ 971,133</u>	<u>\$ -</u>	<u>\$ 633,148</u>	<u>\$ 337,985</u>

In September 2019, the Town issued \$633,148 of drinking water notes which permanently financed the interim funding obligation of the same amount. These notes mature in September of 2038 and carry a coupon interest rate of 2.00%.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations****1. Summary of changes**

The following is a summary of changes in long-term obligations during the fiscal year:

Governmental activities:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion	Long-term Portion
General purpose:										
Refunding bonds	\$ 1,785,000	04/28/10	07/15/20	4.00-5.00%	\$ 640,000	\$ -	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Refunding bonds	1,992,000	04/28/10	07/15/20	3.00-5.00%	825,000	-	165,000	660,000	165,000	495,000
Refunding bonds	1,630,000	05/14/14	08/01/24	2.00-3.00%	1,630,000	-	-	1,630,000	-	1,630,000
General obligation	20,000,000	11/15/18	11/15/38	3.25-5.00%	20,000,000	-	-	20,000,000	1,000,000	19,000,000
Total general purpose					23,095,000	-	485,000	22,610,000	1,485,000	21,125,000
School:										
Refunding bonds	4,648,000	04/28/10	07/15/20	3.00-5.00%	1,800,000	-	360,000	1,440,000	360,000	1,080,000
Refunding bonds	18,405,000	04/28/15	11/15/34	1.00-5.00%	15,775,000	-	895,000	14,880,000	915,000	13,965,000
Total school					17,575,000	-	1,255,000	16,320,000	1,275,000	15,045,000
Total bonds					40,670,000	-	1,740,000	38,930,000	2,760,000	36,170,000
Equipment financing notes:										
Energy	4,305,492	09/22/15	12/22/30	3.50-5.00%	3,500,472	-	218,759	3,281,713	185,557	3,096,156
Copiers	240,000	10/27/18	10/27/23	2.00%	-	240,000	32,000	208,000	48,000	160,000
Truck	15,487	04/18/19	01/18/22	2.00%	-	15,487	725	14,762	4,890	9,872
Truck	15,939	06/18/19	07/18/23	1.00%	-	15,939	-	15,939	5,033	10,906
Total equipment financing notes					3,500,472	271,426	251,484	3,520,414	243,480	3,276,934
Total bonds and notes					44,170,472	271,426	1,991,484	42,450,414	3,003,480	39,446,934
Premium					480,545	956,901	189,708	1,247,738	-	1,247,738
Total bonds and notes and related liabilities					44,651,017	1,228,327	2,181,192	43,698,152	3,003,480	40,694,672
Capital lease payable					218,759	-	218,759	-	-	-
Compensated absences					3,829,009	30,659	158,485	3,701,183	740,237	2,960,946
Net pension liability					10,119,136	5,521,877	4,992,372	10,648,641	-	10,648,641
OPEB liability					13,591,689	1,650,507	494,863	14,747,333	-	14,747,333
Total long-term obligations					<u>\$72,409,610</u>	<u>\$ 8,431,370</u>	<u>\$ 8,045,671</u>	<u>\$72,795,309</u>	<u>\$ 3,743,717</u>	<u>\$ 69,051,592</u>

All long-term liabilities are generally liquidated by the general fund or the debt service fund.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations (continued)**Business-type activities:

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Current Portion	Long-term Portion
Bonds:										
Sewer:										
Refunding bonds	\$ 2,975,000	05/14/14	08/01/31	2.00-3.25%	\$ 2,380,000	\$ -	\$ 190,000	\$ 2,190,000	\$ 185,000	\$ 2,005,000
Refunding bonds	12,010,000	04/07/15	11/15/34	1.00-5.00%	10,275,000	-	585,000	9,690,000	595,000	9,095,000
Total bonds					12,655,000	-	775,000	11,880,000	780,000	11,100,000
Premium					111,361	-	7,061	104,300	-	104,300
Total sewer bonds and related liabilities					12,766,361	-	782,061	11,984,300	780,000	11,204,300
Notes:										
Water:										
DWSRF 2016-7040	1,855,379	05/31/17	11/30/36	2.00%	1,717,859	-	77,940	1,639,919	79,513	1,560,406
DWSRF 2017-7051	1,025,306	07/31/17	07/31/37	2.00%	979,084	-	86,188	892,896	41,404	851,492
DWSRF 2017-7054	743,319	05/31/17	05/31/37	2.00%	743,319	-	-	743,319	31,225	712,094
DWSRF 2018-7067	633,147	09/30/19	09/30/38	2.00%	-	633,148	-	633,148	51,325	581,823
Total water					3,440,262	633,148	164,128	3,909,282	203,467	3,705,815
Total bonds, notes and related liabilities					16,206,623	633,148	946,189	15,893,582	983,467	14,910,115
Compensated absences					60,229	15,748	12,211	63,766	12,753	51,013
Net pension liability					404,210	274,029	227,666	450,573	-	450,573
OPEB liability					685,295	83,219	24,951	743,563	-	743,563
Total long-term obligations					\$17,356,357	\$1,006,144	\$1,211,017	\$17,151,484	\$996,220	\$16,155,264

The sewer improvement bonds are supported by means of an assessment program. The water notes are supported by user fees.

All obligations are backed by the full faith and credit of the Town.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations (continued)**

The following is a summary of debt maturities:

Year Ending June 30	General Obligation Bonds		Sewer Bonds		Drinking Water Notes		Equipment Financing Notes	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 2,760,000	\$ 1,521,113	\$ 780,000	\$ 423,282	\$ 203,467	\$ 71,293	\$ 243,480	\$ 89,141
2021	2,790,000	1,385,713	790,000	388,657	181,898	70,710	257,124	84,134
2022	2,795,000	1,252,738	795,000	352,682	185,569	67,025	288,459	78,649
2023	2,800,000	1,121,038	800,000	317,307	189,315	63,268	295,165	71,785
2024	2,285,000	1,003,257	800,000	282,413	193,136	59,431	278,920	64,134
2025	2,275,000	907,458	800,000	253,350	197,032	56,280	280,260	56,549
2026	1,950,000	825,069	620,000	230,031	203,978	51,529	298,371	49,002
2027	1,940,000	751,719	615,000	206,481	205,069	47,456	317,285	40,971
2028	1,930,000	684,019	1,100,000	180,281	209,208	43,303	337,032	32,433
2029	1,930,000	611,819	605,000	151,281	210,314	39,066	357,644	23,366
2030	1,930,000	534,619	920,000	122,356	214,548	32,883	379,155	16,844
2031	1,925,000	465,894	600,000	96,413	222,133	28,333	187,519	-
2032	1,915,000	401,472	900,000	73,160	226,618	23,793	-	-
2033	1,910,000	333,750	590,000	51,100	231,191	19,161	-	-
2034	1,900,000	264,575	585,000	30,538	235,858	14,437	-	-
2035	1,895,000	193,158	580,000	10,145	240,618	9,616	-	-
2036	1,000,000	137,500	-	-	245,475	5,024	-	-
2037	1,000,000	97,500	-	-	185,015	2,170	-	-
2038	1,000,000	57,500	-	-	67,927	527	-	-
2039	1,000,000	18,750	-	-	60,913	-	-	-
<b>Totals</b>	<b>\$ 38,930,000</b>	<b>\$ 12,568,661</b>	<b>\$ 11,880,000</b>	<b>\$ 3,169,477</b>	<b>\$ 3,909,282</b>	<b>\$ 705,305</b>	<b>\$ 3,520,414</b>	<b>\$ 607,008</b>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**G. Changes in long-term obligations (continued)****2. Statutory debt limitations**

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

Category	Debit Limit	Net Indebtedness	Balance
General purpose	\$ 143,915,029	\$ 26,435,000	\$ 117,480,029
Schools	287,830,058	26,320,000	261,510,058
Sewer	239,858,381	-	239,858,381
Urban renewal	207,877,264	-	207,877,264
Pension deficit	191,886,705	-	191,886,705

The total overall statutory debt limit for the Town is equal to seven times prior year annual receipts from taxation, \$447,735,645.

The indebtedness reflected above includes bonds outstanding in addition to the amount of bonds authorized and unissued against which bond anticipation notes are issued and outstanding.

**3. Authorized/unissued bonds**

The amounts of authorized, unissued bonds are as follows:

General purpose	\$ 53,325
Schools	<u>38,859,388</u>
Total	<u>\$ 38,912,713</u>

**4. Conduit debt**

The Bethel Baseball Association and the Town executed an agreement that has the Town purchase, finance and install the lighting at Mitchell Park, with the Association responsible for the lease payments related to the financing. The lease agreement is payable over a 10 year period due in August 2022. The cost of the equipment is \$130,500 with total financing costs over the 10 years of \$43,365. The agreement between the Association and Town requires the Association to pay the Town annual installments through 2022.

The outstanding balance of the capital lease was \$51,919. The Town has no obligation to pay the lease beyond the payment received from the lease payment received from the Association.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**H. Fund balances and restricted net position**

Fund balance components are as follows:

Fund Balance Component	General Fund	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Totals
Nonspendable:					
Advance to other funds	\$ 17,708	\$ -	\$ -	\$ -	\$ 17,708
Restricted:					
General government:					
Railroad station operations	-	-	-	309,586	309,586
Historic documents preservation	-	-	-	33,910	33,910
Public safety:					
Police equipment	-	-	-	89,048	89,048
Health and welfare:					
Housing rehabilitation program	-	-	-	464,130	464,130
Health grants	-	-	-	40,839	40,839
School lunch program	-	-	-	191,506	191,506
Total restricted	-	-	-	1,129,019	1,129,019
Committed:					
General government:					
Railroad station improvements	-	-	-	12,082	12,082
Planning and zoning commission	-	-	-	56,636	56,636
Library operations	-	-	-	84,856	84,856
Education grant programs	-	-	-	1,038,008	1,038,008
Education (general)	363,723	-	-	-	363,723
Approved projects	-	-	4,360,781	-	4,360,781
Total committed	363,723	-	4,360,781	1,191,582	5,916,086
Assigned:					
Future debt service payments	-	-	-	3,705,191	3,705,191
Unassigned	17,992,096	(7,624,657)	-	(18,421)	10,349,018
Totals	<u>\$ 18,373,527</u>	<u>\$ (7,624,657)</u>	<u>\$ 4,360,781</u>	<u>\$ 6,007,371</u>	<u>\$ 21,117,022</u>

The amount of restricted net position, which was restricted by enabling legislation, totaled \$225,416.

**I. Deficit fund balances**

The Bennett Property fund had a deficit fund balance at year end of \$18,421. The deficit will be reduced or eliminated in future years as amounts are received for charges for services.

## Town of Bethel, Connecticut

**Notes to Financial Statements  
As of and for the Year Ended June 30, 2019****IV. Other information****A. Risk management**

The Town is exposed to various risks of loss related to public official liability, police liability, Board of Education legal liability, theft or impairment of assets, errors and omissions, injury to employees and natural disasters. The Town purchases commercial insurance for all other risks of loss, including blanket and umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years, and there have not been any significant reductions in insurance coverage from amounts held in the prior year.

The Town utilizes a risk management fund (the Internal Service Fund) to account for and finance its uninsured risks of loss for pharmacy claims and future Town and Board of Education retiree medical claims. The fund records all claim expenditures and liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Board of Education is charged premiums by the Internal Service Fund, which are included in expenditures, to cover the estimated cost of claims payment based on historical cost estimates of the amounts needed to pay prior and current year claims. Claims liabilities include an estimate of claims incurred but not reported and are the Town's best estimate based on available information.

The claims liability reported in the Internal Service Fund is based on the requirements of GASB Statements No. 10 and 30, which require that a liability for estimated claims incurred but not reported be recorded. The amount of claim accrual is based on the ultimate costs of settling the claim, which include past experience data, inflation and other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual does not include other allocated or unallocated claims adjustment expenses.

**B. Commitments and litigation**

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is a defendant in various lawsuits and the outcome of these lawsuits is not presently determinable. In the opinion of the Town attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**V. Pensions and other post-employment benefit plans****A. Town pension plans****1. Plan description****a. Plan administration**

The Town administers two single employer, contributory, defined benefit pension plans (Town of Bethel and Town of Bethel Police Department). The Town plan was adopted in 1968 and revised in 2000. The Police plan was established by a memorandum of understanding effective July 1, 1997. Town employees become eligible as of their date of hire and for employees hired after January 1, 2001, participation is mandatory. All full time police officers become eligible on their date of employment. The Pension Commission makes recommendations for plan provisions, which are approved by the Board of Selectman. Both plans are part of the Town's reporting entity and are included in the Town's financial report as two pension trust funds. The plans do not issue separate, stand alone financial reports.

Management of the plan is vested in the Board of Selectman.

**b. Plan membership**

As of July 1, 2018, the plans' membership consists of the following:

	<u>Town</u>	<u>Police</u>
Active members	105	35
Terminated employees entitled to benefits	18	2
Retirees, disabled employees, and beneficiaries receiving benefits	<u>117</u>	<u>17</u>
Total	<u><u>240</u></u>	<u><u>54</u></u>

**2. Benefit provisions**Town

The plan provides retirement, disability and death benefits. Retirement benefits for the Town employees under the non-contributory formula are calculated as 2 percent of the member's average monthly earnings times the years of benefit service less 50% of the employee's social security benefit. Retirement benefits under the contributory formula are calculated as 2% of average monthly compensation multiplied by years of service (maximum of 35 years). Benefits are reduced by 20% when the participant attains social security retirement age. Town plan members with 5 years of service are eligible to retire at age 55 at a reduced benefit amount.



## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019**A. Pension plans (continued)**

All plan members permanently and totally disabled for at least 5 consecutive months may qualify for disability benefits. Disability benefits will be equal to 50 percent of the member's average earnings determined at the date of disability less other payments which may be payable by reason of disability. Death benefits will be paid any time prior to the member's termination of employment.

A plan member who leaves Town service and has attained 10 years of service will be entitled to 100% of the accrued benefit deferred to normal retirement date.

Police

The plan provides retirement, disability, and death benefits. Retirement benefits for the Police are calculated as 2 percent of the average highest 5 years base compensation multiplied by years of credited service up to a maximum of 30 years credited service and is reduced by 30 percent of the amount calculated when the member attains his or her social security retirement age. For police plan members who have attained their early retirement date, the accrued benefit is payable immediately with a 6% per year reduction calculated from the earlier of the following dates: the date on which the member reaches age 55 with 10 years of service or the date on which the member would have completed 25 years of service. The benefit is reduced by 30 percent when the member reaches social security retirement age.

All plan members permanently and totally disabled for at least 182 continuous days following the date on which the member is unable to perform his or her own job may qualify for disability benefits. Disability payments shall cease after 24 consecutive months unless at that time the member is unable to perform any job or occupation for which he is suited by reason of his education or training. Disability benefits will be the lessor of 50 percent of the member's compensation, determined at the date of disability or \$24,000. Death benefits will be paid if a member was married on the date of death.

A plan member who leaves Police service after 10 years of service will be entitled to 100% of the accrued benefit, deferred to normal retirement date.

**3. Contributions**Town

Employees hired on or after January 1, 2001 are required to make contributions of 4% of pay.

Police

Members are required to contribute 6.5% of base salary. Members with 30 or more years of service shall contribute 3.25% of base salary. Contributions cease after 30 years of contributions.

For each member hired before July 1, 1997, the Town shall contribute 8.5% of base salary. In addition, the Town shall contribute an actuarially determined amount.

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

A. Pension plans (continued)

The Town's contributions are actuarially determined on an annual basis using the entry age normal method for the Town plan and the Police plan. The Town's contributions were 16.18% and 40.70% of covered payroll, respectively, for the Town and Police plans. Administration costs are financed from investment earnings.

4. Investments

a. Investment policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Insurance and Pension Commission of the Town. It is the policy of the Town's Insurance and Pension Commission to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following was the Commission's adopted asset allocation policy:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities	60%
Fixed income	<u>40%</u>
Total	<u>100%</u>

b. Concentrations

There were no investments in any one organization that represents 5% or more of the pension plan's net position.

c. Rate of return

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

<u>Asset Class</u>	Town and Police Plans' <u>Long-Term Expected Real Rate of Return</u>
Core Fixed Income	2.65%
Broad U.S. Equities	4.86%

The total weighted average expected rate of return is 6.75% (excludes inflation).

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

A. Pension plans (continued)

d. Annual money-weighted rate of return

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.29% for the Town and Police plans. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net pension liability

The components of the net pension liability were as follows:

	<u>Town</u>	<u>Police</u>
Total pension liability	\$ 39,288,822	\$ 17,861,827
Plan fiduciary net position	<u>(32,852,072)</u>	<u>(13,199,363)</u>
Net pension liability	<u>\$ 6,436,750</u>	<u>\$ 4,662,464</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.62%</u>	<u>73.90%</u>

6. Actuarial methods and significant assumptions

The total pension liability was determined as of July 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Town</u>	<u>Police</u>
Actuarial cost method	Entry age normal	Entry age normal
Asset valuation method	5 year smoothing	5 year smoothing
Amortization method	Level percent, closed	Level percent, closed
Inflation	2.70%	2.70%
Salary increase	3.00%	4.00%, average
Investment rate of return	6.75%, net of pension plan investment expense, including inflation	6.75%, net of pension plan investment expense, including inflation
Mortality rates	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**A. Pension plans (continued)****7. Changes from prior year****a. Changes in assumptions**

There were no changes in assumptions.

**b. Changes in benefit terms**

There were no changes in benefit terms.

**8. Discount rate**

The discount rate used to measure the total pension liability was 6.75% for the Town and Police Plans. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

**9. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The changes in net pension liability for each plan for the fiscal year were as follows:

<b>Town Plan</b>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2018	\$ 37,578,235	\$ 31,803,808	\$ 5,774,427
Service cost	761,169	-	761,169
Interest	2,523,082	-	2,523,082
Differences between expected and actual experience	379,045	-	379,045
Contributions - employer	-	1,200,000	(1,200,000)
Contributions - member	-	446,766	(446,766)
Net investment income	-	1,605,605	(1,605,605)
Benefit payments, including refunds of member contributions	(1,952,709)	(1,952,709)	-
Administration	-	(251,398)	251,398
Net change	1,710,587	1,048,264	662,323
Balance at June 30, 2019	\$ 39,288,822	\$ 32,852,072	\$ 6,436,750

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

A. Pension plans (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Police</b>			
Balance at July 1, 2018	\$ 16,753,556	\$ 12,004,637	\$ 4,748,919
Service cost	554,711	-	554,711
Interest	1,145,482	-	1,145,482
Differences between expected and actual experience	95,623	-	95,623
Contributions - employer	-	1,050,000	(1,050,000)
Contributions - member	-	200,478	(200,478)
Net investment income	-	717,189	(717,189)
Benefit payments, including refunds of member contributions	(687,545)	(687,545)	-
Administration	-	(85,396)	85,396
Net change	1,108,271	1,194,726	(86,455)
Balance at June 30, 2019	\$ 17,861,827	\$ 13,199,363	\$ 4,662,464

10. Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 6.75% for the Town and Police Plans as well as what 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:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<b>Town</b>			
Net pension liability	\$ 10,806,893	\$ 6,436,750	\$ 2,825,875
<b>Police</b>			
Net pension liability	\$ 7,258,478	\$ 4,662,464	\$ 2,485,497

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

A. Pension plans (continued)

11. Pension expense and deferred outflows and inflows of resources related to pensions

For the fiscal year the Town recognized pension expense of \$1,694,024 for the Town Plan and \$876,152 for the Police Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Town Plan</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 472,552	\$ (2,605)
Net difference between projected and actual earnings on pension plan investments	<u>279,179</u>	<u>-</u>
Total	<u>\$ 472,552</u>	<u>\$ (2,605)</u>
Net amount of deferred inflows and outflows		<u>\$ 469,947</u>
<b>Police Plan</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 156,117	\$ (466,613)
Net difference between projected and actual earnings on pension plan investments	<u>74,273</u>	<u>-</u>
Total	<u>\$ 230,390</u>	<u>\$ (466,613)</u>
Net amount of deferred inflows and outflows		<u>\$ (236,223)</u>

Actual investment earnings below (or above) projected earnings are amortized over 5 years. Experience losses (gains) are amortized over the average remaining service period of actives and inactive, which was 3.5 and 9.7 years for the Town and Police Plans, respectively.

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

**A. Pension plans (continued)**

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

Year Ending June 30,	Town	Police
2020	\$ 480,301	\$ 52,255
2021	48,241	(90,164)
2022	115,857	(22,766)
2023	104,727	(15,936)
2024	-	(37,721)
Thereafter	-	(121,891)
Total	<u>\$ 749,126</u>	<u>\$ (236,223)</u>

**B. Defined contribution retirement savings plan**

As of July 1, 2013, Town employees and certain Board of Education employees not covered by the Town's defined benefit plan are eligible to participate in the Town of Bethel Money Purchase Defined Contribution Plan administered by the Town. The Board of Selectmen has the authority to establish and amend the plan. At year end, there were 10 employees eligible to participate in the plan. The Town and employees are both required to contribute 5% of earnings. During the year, the Town recognized pension expense of \$93,083 and employee contributions totaled \$93,083.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in Town contributions and earnings over a 5 year period at 20% per year. Notwithstanding the foregoing, a participant will be 100% vested in employer contributions upon attaining normal retirement age, termination of the plan, the complete discontinuance of employer contributions, death of the participant and total and permanent disability of the participant.

The Town had no liability to the plan at fiscal year end.

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Pension plan statements**

**Combining Statement of Fiduciary Net Position**  
**Pension Trust Funds**

	Town Pension Fund	Police Pension Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>Assets</u>			
Investments:			
Equity mutual funds	\$ 4,803,030	\$ 1,773,163	\$ 6,576,193
Bond mutual funds	2,257,300	1,418,208	3,675,508
Bank money market accounts	785,846	778,812	1,564,658
U.S. government obligations	5,811,634	2,144,049	7,955,683
Common stock	12,520,366	4,620,185	17,140,551
Corporate bonds	<u>6,186,086</u>	<u>2,293,031</u>	<u>8,479,117</u>
Total investments	32,364,262	13,027,448	45,391,710
Prepaid benefits and fees	<u>487,810</u>	<u>171,915</u>	<u>659,725</u>
Total assets	<u>32,852,072</u>	<u>13,199,363</u>	<u>46,051,435</u>
<u>Net Position</u>			
Restricted for pension benefits	<u>\$ 32,852,072</u>	<u>\$ 13,199,363</u>	<u>\$ 46,051,435</u>



## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**C. Pension plan statements (continued)**

**Combining Statement of Changes In Fiduciary Net Position**  
**Pension Trust Funds**

	Town Pension Fund	Police Pension Fund	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Additions:			
Contributions:			
Employer	\$ 1,200,000	\$ 1,050,000	\$ 2,250,000
Plan members	446,766	200,478	647,244
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total contributions	1,646,766	1,250,478	2,897,244
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Investment income (loss):			
Change in fair value of investments	759,243	400,900	1,160,143
Interest and dividends	1,078,968	407,123	1,486,091
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total investment income (loss)	1,838,211	808,023	2,646,234
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Less investment expenses	232,606	90,834	323,440
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net investment income (loss)	1,605,605	717,189	2,322,794
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total additions	3,252,371	1,967,667	5,220,038
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Deductions:			
Benefits	1,952,709	687,545	2,640,254
Administration	251,398	85,396	336,794
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total deductions	2,204,107	772,941	2,977,048
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in net position	1,048,264	1,194,726	2,242,990
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position - July 1, 2018	31,803,808	12,004,637	43,808,445
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net position - June 30, 2019	<u>\$ 32,852,072</u>	<u>\$ 13,199,363</u>	<u>\$ 46,051,435</u>

## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019**D. Connecticut State Teachers' Retirement System****1. Plan description**

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

**2. 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. Benefit amounts are reduced by 6% per year for the first 5 years preceding normal retirement age and 4% per year for the next 5 years preceding the normal retirement age. Effective July 1, 1999, the reduction for individuals with 30 or more years of service is 3% per year by which retirement precedes normal retirement date.

**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. In addition, disability benefits under this plan (without regard to cost-of-living adjustments) plus any initial award of social security benefits and workers' compensation cannot exceed 75% of annual average salary.

**Pre-Retirement Death Benefit:** The Plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

**3. Contributions****State of Connecticut**

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 amended and certified by the State Teachers' Retirement Board and appropriated by the General Assembly. The contributions are actuarially determined as an amount that, when combined with employee contributions and investment earnings, 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.

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

D. Connecticut State Teachers' Retirement System (continued)

**Employer (School Districts)**

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

**Employees**

Effective January 1, 2018, each teacher is required to contribute 7% of their salary for the pension benefit.

**4. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions**

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 amounts 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 of Connecticut's proportionate share of the net pension liability associated with the Town	<u>65,901,106</u>
Total	<u>\$ 65,901,106</u>

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

During the year the Town recognized pension expense and revenue of \$6,369,195 for on-behalf amounts for the contributions made to the plan by the State.

**5. Actuarial assumptions**

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

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

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

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**D. Connecticut State Teachers' Retirement System (continued)**

Future cost-of-living increases - For teachers who retired prior to September 1, 1992, pension benefit adjustments are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for social security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

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

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

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

D. Connecticut State Teachers' Retirement System (continued)

5. Discount rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

6. 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.

7. Plan fiduciary net position

Detailed information about the Connecticut State Teachers' Retirement Plan fiduciary net position is available in the separately issued State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2018.

E. Other post-employment benefit plans

1. Plan description

a. Plan administration

The Town administers a single-employer, post-retirement healthcare plan for the Town, Police and Board of Education, the Town of Bethel Other Post-Employment Benefit Plan ("OPEB"). The plan does not issue stand alone financial reports. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

b. Plan membership

As of July 1, 2017 for Town, Police and Board of Education, the plans' membership consisted of:

	<u>Town</u>	<u>Police</u>	<u>Board of Education</u>
Retirees and beneficiaries currently receiving benefits	25	9	13
Active plan members	<u>61</u>	<u>33</u>	<u>315</u>
Total	<u><u>86</u></u>	<u><u>42</u></u>	<u><u>328</u></u>

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

E. Other post-employment benefit plans (continued)

2. Benefit provisions

The Town and Police plans provide for medical, dental and life insurance benefits for all eligible Town and Police retirees and their spouses. The Board of Education plan provides medical and dental benefits for all Board of Education retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations.

3. Contributions

The Board of Finance has the authority to determine contributions to the plan. The Town is currently funding benefits on a pay as you go basis. Plan members are not required to contribute to the plan.

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. The Town, Police and Board of Education's total plan contribution was \$519,814.

Teachers who no longer work for the Board of Education are allowed by State Statute to participate in the Town's group medical insurance plan until they formally begin receiving benefits from the State Teachers' Retirement plan. These teachers are required to contribute the cost of the insurance to the Town.

4. OPEB Liability

The Town's OPEB liability of \$15,490,896 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

5. Actuarial methods and significant assumptions

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for all plans as of the latest valuation date is as follows:

Valuation date	July 1, 2017
Actuarial cost method	Entry age normal
Amortization method	Level percent, closed
Inflation	2.75%
Investment rate of return	3.50%
Healthcare inflation rate:	
Initial	7.00%
Ultimate	4.50%
Mortality rates	Based on the RP-2000 Mortality Table for Employees, Healthy and Disabled Annuitants with generational projection per Scale BB.

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

E. Other post-employment benefit plans (continued)

6. Changes from prior year

a. Changes in assumptions

The discount rate decreased from 3.87% to 3.50%.

b. Changes in benefit terms

There were no changes in benefit terms.

7. Changes in the OPEB Liability

Balance at July 1, 2018	<u>\$ 14,276,984</u>
Service cost	561,230
Interest	564,180
Changes in assumptions	608,316
Benefit payments, including refunds of member contributions	<u>(519,814)</u>
Net change	<u>1,213,912</u>
Balance at June 30, 2019	<u><u>\$ 15,490,896</u></u>

8. Sensitivity of the OPEB liability to changes in the discount rate

The following presents the OPEB liability, as well as what the 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:

<u>OPEB Liability</u>	<u>1% Decrease 2.50%</u>	<u>Discount Rate 3.50%</u>	<u>1% Increase 4.50%</u>
Town OPEB Plan	<u>\$ 17,328,368</u>	<u>\$ 15,490,896</u>	<u>\$ 13,923,095</u>

9. Sensitivity of the OPEB liability to changes in the healthcare cost trend rate

The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

<u>OPEB Liability</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Town OPEB Plan	<u>\$ 13,368,261</u>	<u>\$ 15,490,896</u>	<u>\$ 18,099,336</u>

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

E. Other post-employment benefit plans (continued)

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

For the fiscal year the Town recognized OPEB expense of \$1,053,112. The Town reported deferred outflows and inflows of resources related to OPEB from the following sources:

<u>Description of Outflows/Inflows</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	<u>\$ 557,959</u>	<u>\$ (385,708)</u>
Net amount of deferred inflows and outflows		<u>\$ 172,251</u>

Changes in assumptions are amortized over 12.08 years.

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

<u>Year Ended June 30,</u>	
2020	\$ 12,092
2021	12,092
2022	12,092
2023	12,092
2024	12,092
Thereafter	<u>111,791</u>
Total	<u>\$ 172,251</u>

F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan

1. Plan description

Teachers, principals, superintendents, supervisors and professional employees at State schools of higher education if they choose to be covered that are currently receiving a retirement or disability benefit 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"). Chapter 167a Section 10-183t of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS-RHIP issues a publicly available financial report that can be obtained at [www.ct.gov/trb](http://www.ct.gov/trb).



## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

## F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

## 2. Benefit provisions

The Plan provides for retiree health insurance benefits. Eligibility is as follows:

- **Normal Retirement:** Eligibility - 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:** Eligibility - 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.
- **Proratable Retirement:** Eligibility - Age 60 with 10 years of Credited Service.
- **Disability Retirement:** Eligibility - 5 years of Credited Service in Connecticut if not incurred in the performance of duty and no service requirement if incurred in the performance of duty.
- **Termination of Employment:** Eligibility - 10 or more years of Credited Service.

**Retiree health care coverage**

Any member that is currently receiving a retirement or disability benefit is eligible to participate in the Plan. There are two types of the health care benefits offered through the system. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the CTRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that 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, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 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 that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the System. If they elect to remain in the plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

If a member participating in Medicare Parts A & B so elects, they may enroll in one of the CTRB Sponsored Medicare Supplemental Plans. Active members, retirees, and the State pay equally toward the cost of the basic coverage (medical and prescription drug benefits).

Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019

F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)

Survivor health care coverage

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

3. Contributions

State of Connecticut

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

Employer (School Districts)

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

Employees

Each member is required to contribute 1.25% of their annual salary.

4. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

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 amounts 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 were as follows:

Town's proportionate share of the collective net OPEB liability	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>13,174,071</u>
Total	<u><u>\$ 13,174,071</u></u>

## Town of Bethel, Connecticut

**Notes to Financial Statements**  
**As of and for the Year Ended June 30, 2019**

**F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)**

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

The Town recognized OPEB expense and revenue of \$176,712 for on-behalf amounts for the contributions made to the plan by the State.

**5. Actuarial methods and significant assumptions**

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

Inflation	2.75%
Health care cost trend rate	5.00% decreasing to 4.75% by 2028
Salary increases	3.25-6.50%, including inflation
Investment rate of return	3.87%, net of OPEB plan investment expense, including inflation
Year fund net position will be depleted	2019

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

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

**Changes in assumptions and inputs**

As a result of the experience study for the five-year period ending June 30, 2015:

- The payroll growth rate assumption was decreased from 3.75% to 3.25% to reflect the decrease in the rate of inflation and the decrease in the rate of real wage increase.
- The demographic assumptions of salary growth, payroll growth, the rates of withdrawal, the rates of retirement, the rates of mortality, and the rates of disability incidence were adjusted based upon the experience study's findings and their adoption by the Board.
- The discount rate has been increased from 3.56% to 3.87% based upon the increase in the municipal bond index.

Additionally, the assumed initial per capita health care costs, the assumed rates of healthcare inflation used to project the per capita costs, and the participation assumptions have been revised.

## Town of Bethel, Connecticut

Notes to Financial Statements  
As of and for the Year Ended June 30, 2019**F. Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan (continued)****Long-term expected rate of return**

The long-term expected rate of return on OPEB 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 OPEB 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

All the plan assets are assumed to be invested in cash equivalents due to the need for liquidity. The expected rate of return is 3.00%.

**Affordable Care Act (ACA)**

The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the excise tax on high-value health insurance plans beginning in 2020 (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e., trend). The trend assumption forecasts the anticipated increase to initial per capita costs, taking into account health care cost inflation, increases in benefit utilization, plan changes, government-mandated benefits, and technological advances.

Given the uncertainty regarding the ACA's implementation (e.g., the impact of excise tax on high-value health insurance plans, changes in participation resulting from the implementation of state-based health insurance exchanges), continued monitoring of the ACA's impact on the Plan's liability will be required.

**6. Discount rate**

The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

**7. Sensitivity of the OPEB liability to changes in the discount rate and the health care cost trend rate**

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

**8. Plan fiduciary net position**

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 as of and for the year ended June 30, 2018.

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**Required  
Supplementary  
Information**

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## Town of Bethel, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For The Year Ended June 30, 2019**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>					
Property taxes	\$ 64,806,034	\$ -	\$ 64,806,034	\$ 66,541,320	\$ 1,735,286
Intergovernmental	7,835,042	-	7,835,042	8,568,057	733,015
Charges for services	1,731,448	-	1,731,448	1,882,557	151,109
Use of money and property	280,000	-	280,000	1,007,093	727,093
Other	-	-	-	-	-
<b>Total revenues</b>	<b>74,652,524</b>	<b>-</b>	<b>74,652,524</b>	<b>77,999,027</b>	<b>3,346,503</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	14,076,714	(457,169)	13,619,545	13,619,545	-
Public safety	5,243,364	22,448	5,265,812	5,265,812	-
Health and welfare	406,984	(38,297)	368,687	368,687	-
Public works	3,717,378	55,788	3,773,166	3,773,166	-
Library	877,556	(41,020)	836,536	836,536	-
Education	45,616,290	(20,066)	45,596,224	45,596,224	-
Debt service	3,939,238	(108,438)	3,830,800	3,830,800	-
<b>Total expenditures</b>	<b>73,877,524</b>	<b>(586,754)</b>	<b>73,290,770</b>	<b>73,290,770</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures	775,000	586,754	1,361,754	4,708,257	3,346,503
<b>Other financing sources (uses):</b>					
Appropriation of fund balance	-	3,839,782	3,839,782	-	(3,839,782)
Transfers out	(775,000)	(4,426,536)	(5,201,536)	(5,201,536)	-
<b>Net other financing sources (uses)</b>	<b>(775,000)</b>	<b>(586,754)</b>	<b>(1,361,754)</b>	<b>(5,201,536)</b>	<b>(3,839,782)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(493,279)</b>	<b>\$ (493,279)</b>
Fund balance, July 1, 2018				19,744,395	
Fund balance, June 30, 2019				<u>\$ 19,251,116</u>	
<b><u>Reconciliation to Exhibit D</u></b>					
	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance</u>		
Budgetary Basis - RSI-1A	\$ 77,999,027	\$ 73,290,770	\$ 19,251,116		
Accrued payroll	-	47,468	(256,379)		
Other funds (Schedule 2)	244,295	625,948	(621,210)		
State Teachers' pension on-behalf amount	6,369,195	6,369,195	-		
State Teachers' OPEB on-behalf amount	176,712	176,712	-		
Balance, GAAP basis, Exhibit D	<u>\$ 84,789,229</u>	<u>\$ 80,510,093</u>	<u>\$ 18,373,527</u>		

## Town of Bethel, Connecticut

## Required Supplementary Information

**General Fund**  
**Schedule of Revenues and Other Financing Sources**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 64,492,493	\$ -	\$ 64,492,493	\$ 66,091,700	\$ 1,599,207
Interest and lien fees	200,000	-	200,000	330,998	130,998
Telephone access tax	50,000	-	50,000	-	(50,000)
PILOT- Reynolds Ridge	47,000	-	47,000	89,861	42,861
PILOT- Augustana	16,541	-	16,541	28,761	12,220
<b>Total property taxes</b>	<b>64,806,034</b>	<b>-</b>	<b>64,806,034</b>	<b>66,541,320</b>	<b>1,735,286</b>
Intergovernmental:					
Equal cost sharing	7,080,067	-	7,080,067	7,876,603	796,536
Continuing education	11,259	-	11,259	12,408	1,149
Health and welfare	-	-	-	5,061	5,061
Town aid roads	321,818	-	321,818	323,296	1,478
PILOT- State owned property	136	-	136	25,535	25,399
Disability tax loss	-	-	-	1,807	1,807
Veterans tax relief	-	-	-	8,324	8,324
LOCIP	139,098	-	139,098	-	(139,098)
Colleges and hospitals	4	-	4	-	(4)
Other state revenue	282,660	-	282,660	315,023	32,363
<b>Total intergovernmental</b>	<b>7,835,042</b>	<b>-</b>	<b>7,835,042</b>	<b>8,568,057</b>	<b>733,015</b>
Charges for services:					
Hunting and fishing licenses	250	-	250	105	(145)
Marriage licenses	1,000	-	1,000	1,026	26
Town farmland preservation	7,000	-	7,000	16,529	9,529
Recreational programs	575,640	-	575,640	643,563	67,923
Conveyance tax	275,000	-	275,000	320,796	45,796
Recording fees	118,058	-	118,058	85,660	(32,398)
Town Clerk other revenue	-	-	-	8,737	8,737
Town Clerk copy receipts	40,000	-	40,000	41,358	1,358
CIRMA revenue sharing	50,000	-	50,000	67,346	17,346
Senior Center activities	36,000	-	36,000	49,433	13,433
Parking fines	3,000	-	3,000	2,685	(315)
Other licenses and permits	-	-	-	35,908	35,908
Building and zoning	300,000	-	300,000	345,831	45,831
Pistol permits	5,000	-	5,000	4,120	(880)
Dog licenses	4,000	-	4,000	9,916	5,916
Canine receipts	2,000	-	2,000	1,187	(813)
Planning and zoning	15,000	-	15,000	21,085	6,085
Zoning board of appeals	2,000	-	2,000	930	(1,070)
Police receipts	2,500	-	2,500	2,455	(45)
Police other	100,000	-	100,000	98,022	(1,978)
Vendor licenses	2,000	-	2,000	3,400	1,400
Public works permits	-	-	-	1,355	1,355
Permits/installations	-	-	-	4,250	4,250
Dumping charges	178,000	-	178,000	98,486	(79,514)
Scrap metal/appliances	4,000	-	4,000	9,116	5,116
Brush	1,000	-	1,000	625	(375)
Library fees	10,000	-	10,000	8,633	(1,367)
<b>Total charges for services</b>	<b>1,731,448</b>	<b>-</b>	<b>1,731,448</b>	<b>1,882,557</b>	<b>151,109</b>
Use of money and property:					
Interest	250,000	-	250,000	977,085	727,085
Property leases	30,000	-	30,000	30,008	8
<b>Total use of money and property</b>	<b>280,000</b>	<b>-</b>	<b>280,000</b>	<b>1,007,093</b>	<b>727,093</b>
<b>Total revenues</b>	<b>74,652,524</b>	<b>-</b>	<b>74,652,524</b>	<b>77,999,027</b>	<b>3,346,503</b>
Other financing sources:					
Appropriation of fund balance	-	3,839,782	3,839,782	-	(3,839,782)
<b>Total revenues and other financing sources</b>	<b>\$ 74,652,524</b>	<b>\$ 3,839,782</b>	<b>\$ 78,492,306</b>	<b>\$ 77,999,027</b>	<b>\$ (493,279)</b>

Town of Bethel, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Selectmen	\$ 260,196	\$ 25,482	\$ 285,678	\$ 285,678	\$ -
Treasurer	6,000	1,787	7,787	7,787	-
Finance department	442,814	20,880	463,694	463,694	-
Town clerk	233,510	(8,441)	225,069	225,069	-
Assessor	224,942	1,659	226,601	226,601	-
Tax collector	205,018	1,629	206,647	206,647	-
Legal department	216,080	85,748	301,828	301,828	-
Probate court	5,201	(174)	5,027	5,027	-
Data processing	301,903	(990)	300,913	300,913	-
Town insurance	1,399,999	(61,280)	1,338,719	1,338,719	-
Planning and zoning	236,304	11,162	247,466	247,466	-
Registrar of voters	100,350	(2,166)	98,184	98,184	-
Town boards and commissions	56,750	(20,631)	36,119	36,119	-
Parks and recreation	1,293,759	249,474	1,543,233	1,543,233	-
Employee benefits	5,898,235	(423,680)	5,474,555	5,474,555	-
Agency subsidies	168,425	(3,899)	164,526	164,526	-
Utilities, charges and services	2,518,684	(100,601)	2,418,083	2,418,083	-
Other charges	276,029	(231,075)	44,954	44,954	-
Senior center	232,515	(2,053)	230,462	230,462	-
Total general government	14,076,714	(457,169)	13,619,545	13,619,545	-
Public safety:					
Building and inspection	248,945	19,865	268,810	268,810	-
Emergency management	28,176	21,891	50,067	50,067	-
Fire marshal	96,819	5,000	101,819	101,819	-
Bethel fire department	170,250	28,352	198,602	198,602	-
Stony Hill fire department	128,750	15,641	144,391	144,391	-
Police department	4,570,424	(68,301)	4,502,123	4,502,123	-
Total public safety	5,243,364	22,448	5,265,812	5,265,812	-
Health and welfare:					
Social services	88,883	(7,334)	81,549	81,549	-
Health department	318,101	(30,963)	287,138	287,138	-
Total health and welfare	406,984	(38,297)	368,687	368,687	-
Public works:					
Fleet maintenance	331,050	23,309	354,359	354,359	-
Public works administration	322,478	44,759	367,237	367,237	-
Highway department	2,071,113	(111,488)	1,959,625	1,959,625	-
Transfer station	185,125	(4,287)	180,838	180,838	-
Building maintenance	722,212	68,960	791,172	791,172	-
Tree warden	85,400	34,535	119,935	119,935	-
Total public works	3,717,378	55,788	3,773,166	3,773,166	-
Library	877,556	(41,020)	836,536	836,536	-

(Continued)



Town of Bethel, Connecticut

Required Supplementary Information

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2019

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Education:					
Board of education	\$ 45,116,282	\$ -	\$ 45,116,282	\$ 45,116,282	\$ -
Education maintenance	500,008	(20,066)	479,942	479,942	-
Total education	<u>45,616,290</u>	<u>(20,066)</u>	<u>45,596,224</u>	<u>45,596,224</u>	<u>-</u>
Debt service	<u>3,939,238</u>	<u>(108,438)</u>	<u>3,830,800</u>	<u>3,830,800</u>	<u>-</u>
Total expenditures	<u>73,877,524</u>	<u>(586,754)</u>	<u>73,290,770</u>	<u>73,290,770</u>	<u>-</u>
Other financing uses:					
Transfers to other funds:					
Paramedic intercept	275,000	-	275,000	275,000	-
Debt service fund	-	1,786,536	1,786,536	1,786,536	-
Capital nonrecurring fund	<u>500,000</u>	<u>2,640,000</u>	<u>3,140,000</u>	<u>3,140,000</u>	<u>-</u>
Total other financing uses	<u>775,000</u>	<u>4,426,536</u>	<u>5,201,536</u>	<u>5,201,536</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 74,652,524</u>	<u>\$ 3,839,782</u>	<u>\$ 78,492,306</u>	<u>\$ 78,492,306</u>	<u>\$ -</u>

(Concluded)

**Town of Bethel, Connecticut****Notes to Required Supplementary Information****Budgets and Budgetary Accounting  
June 30, 2019**

The Town adheres to the following procedures in establishing the budgetary data included in the general fund financial statements:

This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

1. The Town does not recognize as revenue or expenditures payments made for the State Teacher's pension and OPEB by the State of Connecticut on the Town's behalf.
2. Accrued payroll.
3. Certain funds that are required to be reported as part of the general fund under the requirement of GASB 54.

In April, the Board of Finance submits to a public hearing, at which taxpayer comments are obtained, the proposed operating budget of the general fund (the only fund for which a legal budget is adopted) for the year commencing July 1. The budget, which is prepared by function and department, includes proposed expenditures and the means of financing them.

The Board of Finance submits its proposed budget to the annual Town Meeting, which is held on one of the first seven days in May. Those in attendance at the annual Town Meeting may, by majority vote, decrease any appropriations or approve the appropriations as presented. Appropriations may not be increased. The final budget is then automatically referred to a machine vote for approval. The date of the machine vote is also established by the annual Town Meeting, which must be held not less than seven nor more than fourteen days from the date of the annual Town Meeting.

The Board of Finance, in accordance with the provisions of the Charter and the Connecticut General Statutes, is authorized to transfer unexpended balances from one appropriation to another, with the exception of the wage contingency account. Authority to transfer budgeted funds is vested in the Comptroller for settlement of union contracts and general salary increases approved by the First Selectman only. Management may not authorize any additional appropriations. All additional appropriations less than \$50,000 require Board of Selectmen and Board of Finance approval. Those in excess of \$50,000 require full legislative approval (Town Meeting).

There were additional appropriations of \$3,839,782 during the year.

Formal budgetary integration is employed as a management control device during the year.

The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.

The Board of Education, which is not a separate legal entity but a function of the Town, is authorized under State law to make any transfers required within their budget at their discretion.

## Town of Bethel, Connecticut

## Required Supplementary Information

Town Plan  
Last Five Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>					
Total pension liability:					
Service cost	\$ 761,169	\$ 851,894	\$ 785,563	\$ 822,302	\$ 824,737
Interest	2,523,082	2,481,626	2,149,718	2,063,282	1,958,065
Change of benefit terms	-	-	2,396,107	33	-
Differences between expected and actual experience	379,045	259,629	206,471	(14,173)	-
Benefit payments, including refunds of member contributions	<u>(1,952,709)</u>	<u>(1,841,693)</u>	<u>(1,521,542)</u>	<u>(1,368,871)</u>	<u>(1,295,920)</u>
Net change in total pension liability	1,710,587	1,751,456	4,016,317	1,502,573	1,486,882
Total pension liability - July 1	<u>37,578,235</u>	<u>35,826,779</u>	<u>31,810,462</u>	<u>30,307,889</u>	<u>28,821,007</u>
Total pension liability - June 30 (a)	<u><u>\$39,288,822</u></u>	<u><u>\$ 37,578,235</u></u>	<u><u>\$35,826,779</u></u>	<u><u>\$ 31,810,462</u></u>	<u><u>\$ 30,307,889</u></u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,200,000	\$ 1,190,000	\$ 1,200,000	\$ 2,751,446	\$ 3,083,429
Contributions - member	446,766	411,011	399,468	341,395	285,418
Net investment income	1,605,605	2,236,644	2,838,413	(265,630)	369,456
Benefit payments, including refunds of member contributions	(1,952,709)	(1,841,693)	(1,521,542)	(1,368,871)	(1,295,920)
Administration	(251,398)	(239,680)	(102,552)	(44,388)	-
Transfer in from police plan	-	81,728	-	-	-
Net change in plan fiduciary net position	1,048,264	1,838,010	2,813,787	1,413,952	2,442,383
Plan fiduciary net position - July 1	<u>31,803,808</u>	<u>29,965,798</u>	<u>27,152,011</u>	<u>25,738,059</u>	<u>23,295,676</u>
Plan fiduciary net position - June 30 (b)	<u><u>\$32,852,072</u></u>	<u><u>\$ 31,803,808</u></u>	<u><u>\$29,965,798</u></u>	<u><u>\$ 27,152,011</u></u>	<u><u>\$ 25,738,059</u></u>
Net pension liability - June 30 (a)-(b)	<u><u>\$ 6,436,750</u></u>	<u><u>\$ 5,774,427</u></u>	<u><u>\$ 5,860,981</u></u>	<u><u>\$ 4,658,451</u></u>	<u><u>\$ 4,569,830</u></u>
Plan fiduciary net position as a percentage of the total pension liability	<u>83.62%</u>	<u>84.63%</u>	<u>83.64%</u>	<u>85.36%</u>	<u>84.92%</u>
Covered payroll	<u><u>\$ 7,417,168</u></u>	<u><u>\$ 7,649,740</u></u>	<u><u>\$ 7,775,861</u></u>	<u><u>\$ 7,607,181</u></u>	<u><u>\$ 7,607,181</u></u>
Net pension liability as a percentage of covered payroll	<u>86.78%</u>	<u>75.49%</u>	<u>75.37%</u>	<u>61.24%</u>	<u>60.07%</u>
<b><u>Schedule of Investment Returns</u></b>					
Annual money weighted rate of return, net investment expense	<u>4.29%</u>	<u>6.99%</u>	<u>10.51%</u>	<u>(1.11%)</u>	<u>2.40%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Bethel, Connecticut**  
**Required Supplementary Information**

**Town Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 1,030,940	\$ 926,377	\$ 867,137	\$ 2,013,334	\$ 2,013,334	\$ 1,986,076	\$ 2,086,345	\$ 1,918,557	\$ 2,029,673	\$ 2,173,082
Contributions in relation to the actuarially determined contribution	<u>1,200,000</u>	<u>1,190,000</u>	<u>1,200,000</u>	<u>2,751,446</u>	<u>3,083,429</u>	<u>2,559,953</u>	<u>1,859,681</u>	<u>1,736,824</u>	<u>1,356,000</u>	<u>1,300,000</u>
Contribution excess (deficiency)	<u>\$ 169,060</u>	<u>\$ 263,623</u>	<u>\$ 332,863</u>	<u>\$ 738,112</u>	<u>\$ 1,070,095</u>	<u>\$ 573,877</u>	<u>\$ (226,664)</u>	<u>\$ (181,733)</u>	<u>\$ (673,673)</u>	<u>\$ (873,082)</u>
Covered payroll	<u>\$ 7,417,168</u>	<u>\$ 7,649,740</u>	<u>\$ 7,775,861</u>	<u>\$ 7,607,181</u>	<u>\$ 7,607,181</u>	<u>\$ 7,739,426</u>	<u>\$ 7,678,530</u>	<u>\$ 7,711,696</u>	<u>\$ 7,503,503</u>	<u>\$ 7,219,991</u>
Contributions as a percentage of covered payroll	<u>16.18%</u>	<u>15.56%</u>	<u>15.43%</u>	<u>36.17%</u>	<u>40.53%</u>	<u>33.08%</u>	<u>24.22%</u>	<u>22.52%</u>	<u>18.07%</u>	<u>18.01%</u>

**Town of Bethel, Connecticut**  
**Notes to Required Supplementary Information**

**Town Plan**  
**Schedule of Contributions**  
**Last Six Years (1)**

	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Frozen initial liability method	Frozen initial liability method
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level dollar
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.70%	2.70%	2.70%	2.70%	2.70%	2.00%
Salary Increases	3.00%	3.00%	3.00%	4.50%	4.50%	3.00%
Investment Rate of Return	6.75%	6.75%	6.75%	7.25%	7.25%	8.00%
Mortality Rate	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Tables for employees and healthy annuitants, male and female, with generational projection of future mortality improvements per Scale BB.	Based on the 1983 Group Mortality Table 50% male 50% female

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available

## Town of Bethel, Connecticut

## Required Supplementary Information

Police Plan  
Last Five Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Changes in Net Pension Liability and Related Ratios</u></b>					
Total pension liability:					
Service cost	\$ 554,711	\$ 525,522	\$ 484,820	\$ 506,137	\$ 476,144
Interest	1,145,482	1,029,914	1,058,018	998,784	918,850
Differences between expected and actual experience	95,623	(202,969)	(425,369)	122,464	-
Benefit payments, including refunds of member contributions	<u>(687,545)</u>	<u>(636,273)</u>	<u>(530,615)</u>	<u>(474,173)</u>	<u>(460,787)</u>
Net change in total pension liability	1,108,271	716,194	586,854	1,153,212	934,207
Total pension liability - July 1	<u>16,753,556</u>	<u>16,037,362</u>	<u>15,450,508</u>	<u>14,297,296</u>	<u>13,363,089</u>
Total pension liability - June 30 (a)	<u>\$ 17,861,827</u>	<u>\$ 16,753,556</u>	<u>\$ 16,037,362</u>	<u>\$ 15,450,508</u>	<u>\$ 14,297,296</u>
Plan fiduciary net position:					
Contributions - employer	\$ 1,050,000	\$ 1,025,000	\$ 1,021,720	\$ 513,000	\$ 472,000
Contributions - member	200,478	211,773	181,099	198,552	252,142
Net investment income	717,189	794,474	977,787	(91,082)	259,775
Benefit payments, including refunds of member contributions	(687,545)	(636,273)	(530,615)	(474,173)	(460,787)
Administration	(85,396)	(94,651)	(35,042)	(24,922)	-
Transfer out to town plan	<u>-</u>	<u>(81,728)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,194,726	1,218,595	1,614,949	121,375	523,130
Plan fiduciary net position - July 1	<u>12,004,637</u>	<u>10,786,042</u>	<u>9,171,093</u>	<u>9,049,718</u>	<u>8,526,588</u>
Plan fiduciary net position - June 30 (b)	<u>\$ 13,199,363</u>	<u>\$ 12,004,637</u>	<u>\$ 10,786,042</u>	<u>\$ 9,171,093</u>	<u>\$ 9,049,718</u>
Net pension liability - June 30 (a)-(b)	<u>\$ 4,662,464</u>	<u>\$ 4,748,919</u>	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73.90%</u>	<u>71.65%</u>	<u>67.26%</u>	<u>59.36%</u>	<u>63.30%</u>
Covered payroll	<u>\$ 2,579,921</u>	<u>\$ 2,443,220</u>	<u>\$ 2,547,952</u>	<u>\$ 2,407,527</u>	<u>\$ 2,407,527</u>
Net pension liability as a percentage of covered payroll	<u>180.72%</u>	<u>194.37%</u>	<u>206.10%</u>	<u>260.82%</u>	<u>217.97%</u>
<b><u>Schedule of Investment Returns</u></b>					
Annual money weighted rate of return, net investment expense	<u>4.29%</u>	<u>6.61%</u>	<u>10.50%</u>	<u>(1.11%)</u>	<u>2.67%</u>

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Bethel, Connecticut**  
**Required Supplementary Information**

**Police Plan**  
**Schedule of Contributions**  
**Last Ten Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contributions	\$ 795,459	\$ 836,141	\$ 753,358	\$ 612,450	\$ 612,450	\$ 593,686	\$ 579,931	\$ 566,342	\$ 621,153	\$ 600,090
Contributions in relation to the actuarially determined contribution	1,050,000	1,025,000	1,021,720	513,000	472,000	375,000	340,319	385,084	369,028	255,777
Contribution excess (deficiency)	<u>\$ 254,541</u>	<u>\$ 188,859</u>	<u>\$ 268,362</u>	<u>\$ (99,450)</u>	<u>\$ (140,450)</u>	<u>\$ (218,686)</u>	<u>\$ (239,612)</u>	<u>\$ (181,258)</u>	<u>\$ (252,125)</u>	<u>\$ (344,313)</u>
Covered payroll	<u>\$ 2,579,921</u>	<u>\$ 2,443,220</u>	<u>\$ 2,547,952</u>	<u>\$ 2,407,527</u>	<u>\$ 2,407,527</u>	<u>\$ 2,337,955</u>	<u>\$ 2,337,478</u>	<u>\$ 2,357,269</u>	<u>\$ 2,180,272</u>	<u>\$ 2,242,755</u>
Contributions as a percentage of covered payroll	<u>40.70%</u>	<u>41.95%</u>	<u>40.10%</u>	<u>21.31%</u>	<u>19.61%</u>	<u>16.04%</u>	<u>14.56%</u>	<u>16.34%</u>	<u>16.93%</u>	<u>11.40%</u>

**Town of Bethel, Connecticut**  
**Notes to Required Supplementary Information**  
**Police Plan**  
**Schedule of Contributions**  
**Last Six Years (1)**

	2019	2018	2017	2016	2015	2014
Changes of Benefit Terms	None	None	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2017	July 1, 2016	July 1, 2015	July 1, 2014	July 1, 2014	July 1, 2013
Actuarial methods and assumptions used to determine contribution rates:						
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Frozen initial liability method	Frozen initial liability method
Amortization Method	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level percentage, closed	Level dollar
Asset Valuation Method	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing	5 year smoothing
Inflation	2.70%	2.70%	2.70%	2.70%	2.70%	2.00%
Salary Increases	4.00%	4.00%	4.00%	4.50%	4.50%	4.50%
Investment Rate of Return	6.75%	6.75%	6.75%	7.00%	7.00%	7.00%
Mortality Rate	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Mortality rates were based on the RP-2000 Mortality Table with separate tables for employees, healthy annuitants, and disabled annuitants with generational projection of future mortality improvements per Scale BB.	Based on the 1983 Group Mortality Table 50% male 50% female.

(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available



## Town of Bethel, Connecticut

## Required Supplementary Information

Connecticut State Teachers' Retirement System  
Last Five Years (3)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b><u>Schedule of Proportionate Share of the Net Pension Liability</u></b>					
Town's proportion of the net pension liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>65,901,106</u>	<u>74,004,441</u>	<u>78,075,252</u>	<u>59,345,782</u>	<u>54,853,282</u>
Total	<u>\$ 65,901,106</u>	<u>\$ 74,004,441</u>	<u>\$ 78,075,252</u>	<u>\$ 59,345,782</u>	<u>\$ 54,853,282</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net pension liability as a percentage of its covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>57.69%</u>	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.51%</u>
<b><u>Schedule of Contributions</u></b>					
Contractually required contribution	(1) \$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2) <u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Local employers are not required to contribute to the plan.

(2) Not applicable since 0% proportional share of the net pension liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

**Town of Bethel, Connecticut**  
**Notes to Required Supplementary Information**  
**Connecticut State Teachers' Retirement System**  
**Schedule of Contributions**  
**Last Five Years (1)**

	2019	2018	2017	2016	2015
Changes of Benefit Terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary	None	None	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016	July 1, 2016	July 1, 2014	July 1, 2014
Actuarial methods and assumptions used to determine contribution rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed	Level percent of salary, closed
Remaining Amortization Period	17.6 years	20.4 years	20.4 years	21.4 years	22.4 years
Asset Valuation Method	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market	4 year smoothed market
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%
Salary Increases	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.25%-6.50%, average, including inflation	3.75%-7.00%, average, including inflation	3.75%-7.00%, average, including inflation
Investment Rate of Return	8.00%	8.00%	8.00%	8.50%	8.50%
Mortality	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.	RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two year setback for males and females for the period after service retirement and for dependent beneficiaries.

(1) This schedule is intended to present information for 10 years. Additional years will be presented as they become available.

## Town of Bethel, Connecticut

## Required Supplementary Information

Other Post-Employment Benefit Plan  
Schedule of Changes in OPEB Liability  
Last Two Years (1)

	<u>2019</u>	<u>2018</u>
OPEB liability:		
Service cost	\$ 561,230	\$ 574,246
Interest	564,180	517,131
Changes in assumptions	608,316	(462,238)
Benefit payments, including refunds of member contributions	<u>(519,814)</u>	<u>(445,845)</u>
Net change in OPEB liability	1,213,912	183,294
OPEB liability - July 1	<u>14,276,984</u>	<u>14,093,690</u>
OPEB liability - June 30 (a) *	<u><u>\$15,490,896</u></u>	<u><u>\$14,276,984</u></u>

\* There are no assets that are being accumulated in a trust that meets the criteria in GASB 75 to pay benefits.

Covered payroll information was not available

(1) These schedules are intended to present information for 10 years. Additional years will be presented as the information becomes available.

Town of Bethel, Connecticut

Required Supplementary Information

Connecticut State Teachers' Retirement Board Retiree Health Insurance Plan  
Last Two Years (3)

		<u>2019</u>	<u>2018</u>
<b><u>Schedule of Proportionate Share of the Net OPEB Liability</u></b>			
Town's proportionate share of the net OPEB liability		0.00%	0.00%
Town's proportionate share of the collective net OPEB liability		\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town		13,174,071	19,047,909
Total		<u>\$ 13,174,071</u>	<u>\$ 19,047,909</u>
Town's covered payroll	(2)	<u>N/A</u>	<u>N/A</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability		1.49%	1.79%
<b><u>Schedule of Contributions</u></b>			
Contractually required contribution	(1)	\$ -	\$ -
Contributions in relation to the contractually required contribution		-	-
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>
Town's covered payroll	(2)	<u>N/A</u>	<u>N/A</u>
Contributions as a percentage of covered payroll		0.00%	0.00%

(1) Local employers are not required to contribute to the plan

(2) Not applicable since 0% proportional share of the net OPEB liability

(3) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.

Town of Bethel, Connecticut

Notes to Required Supplementary Information

CT State Teachers' Retirement Board Retiree Health Insurance Plan  
 Schedule of Contributions  
 Last Two Years (1)

	2019	2018
Changes of Benefit Terms	None	None
The actuarially determined contribution rates are calculated as of	July 1, 2018	July 1, 2016
Actuarial methods and assumptions used to determine contribution rates:		
Actuarial Cost Method	Entry age	Entry age
Amortization Method	Level percentage, open	Level percentage, open
Amortization Period	30 years	30 years
Asset Valuation Method	Fair Value	Fair Value
Inflation	2.75%	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation	3.25% to 6.50%, including inflation
Investment Rate of Return	3.00%	4.25%
Mortality Rate	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.	RP-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80. For disabled retirees, the RPH-2014 Disabled Mortality table projected to 2017 using the BB improvement scale.

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(1) These schedules are intended to present information for 10 years. Additional years will be presented as they become available.