

**Comprehensive  
Annual Financial Report**

of the

**Town of Bethel,**

**Connecticut**

**For the Year Ended June 30, 2018**

**Prepared by:  
The Comptroller Department**

*Robert V. Kozlowski, Comptroller*

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Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018**

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# **Introductory Section**

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**Town of Bethel, Connecticut**

**Principal Officials  
June 30, 2018**

Board of Selectmen

Matthew S. Knickerbocker, First Selectman  
Richard C. Straiton  
Paul R. Szatkowski

Board of Finance

Dalene Foster  
Robert Palmer  
Robert Manfreda  
Wendy Smith  
Bryan Terzian  
Claudia Stephan  
Cynthia McCorkindale

Finance Department

Robert V. Kozlowski, Comptroller  
Ann M. Scacco, Tax Collector  
Elizabeth Hirt, Assessor

Treasurer

Patricia Smithwick

Town Departments

Lisa Bergh, Town Clerk  
Christopher Baldwin, Chief Building Official  
Beth Cavagna, Planning and Zoning Official  
Jeffrey W. Finch, Chief of Police  
Thomas Galliford, Fire Marshal  
Laura L. Vasile, Director of Health  
Eileen T. Earle, Parks and Recreation Director  
Thomas Galliford, Emergency Management Director  
Christine Carver, Ed. D, Superintendent of Schools  
Theresa D. Yonsky, Director of Education Fiscal Services

Town Attorneys

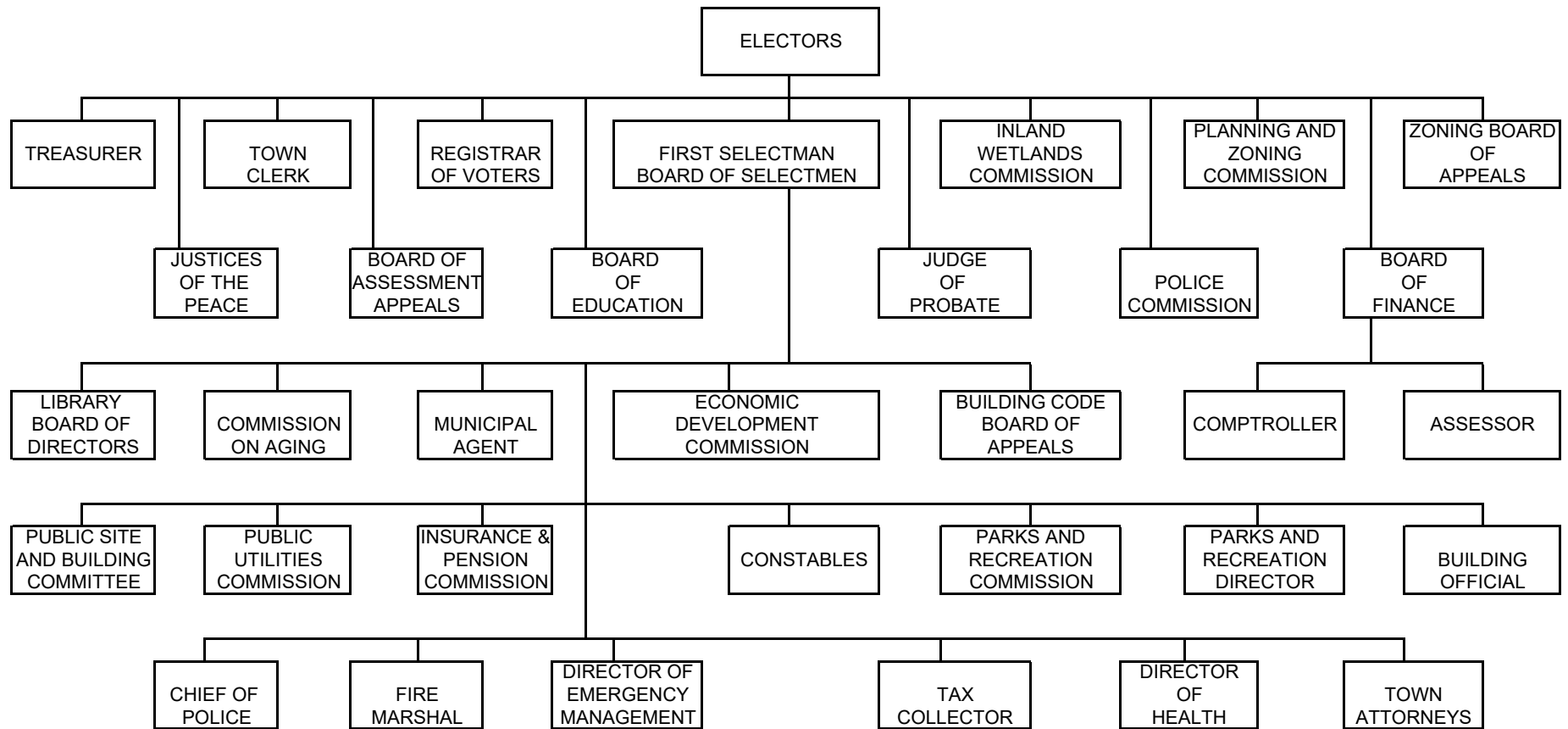
Martin J. Lawlor, Jr., Town Counsel  
Frank B. Cleary, Bond Counsel  
John P. Shea, Labor Counsel

Auditors

PKF O'Connor Davies, LLP

# TOWN OF BETHEL, CONNECTICUT

## ORGANIZATIONAL CHART





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# Financial Section

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## **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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***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 on pages 6 through 15 and pages 77 through 93, 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 February 12, 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 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  
February 12, 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, 2018

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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, 2018.

### **Financial Highlights**

- During the fiscal year, the Town implemented GASB 75 related to other post-employment benefits ("OPEB"). GASB 75 requires that the OPEB liability be recorded on the government-wide financial statements. The result of implementing GASB 75 was a prior period adjustment as of July 1, 2017 to record the OPEB liability of \$14,093,690 and to remove the net OPEB obligation previously recorded of \$7,517,378. The current year OPEB expense was \$578,119 and the OPEB liability at year end was \$14,276,984.
- On a government-wide basis, the Town's total net position increased by \$6,722,191 for the fiscal year, \$5,787,643 of which was generated by governmental activities and \$934,548 from business-type activities. The main reasons for the increase were positive operations of the debt service fund of \$847,415 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 asset and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$13,696,731, partially offset by net debt activity which accounted for the balance of the increase. Business-type activities reported an increase in net position of \$934,548 due to the positive operations of the water fund of \$770,335 and of the sewer fund of \$164,213.
- The Town's combined net position totals \$122,420,851. Of this amount, \$14,374,123 is available (unrestricted) to finance ongoing programs. This includes \$15,095,749 for business-type activities, while the governmental activities resulted in a deficit unrestricted balance of \$(721,626).
- At year end, the unassigned fund balance for the general fund was \$18,426,970 or 25.0% of total general fund expenditures and transfers out.
- The Town's long-term debt increased by \$19,219,883. The increase is the result of the permanent financing of bond anticipation notes of \$20,000,000 and drinking water loan additions of \$754,957 offset by scheduled debt service payments of \$2,571,935.

## **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 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 nonmajor 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 \$122,420,851 at the close of the fiscal year.

The largest portion of the Town's net position (87.7%) 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 (0.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position totals 14,374,123.

**Summary Statement of Net Position**  
**June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 38,483,821	\$31,439,439	\$16,595,447	\$17,200,467	\$ 55,079,268	\$ 48,639,906
Capital assets (net)	130,355,628	116,701,654	38,299,674	37,108,541	168,655,302	153,810,195
<b>Total assets</b>	<b>168,839,449</b>	<b>148,141,093</b>	<b>54,895,121</b>	<b>54,309,008</b>	<b>223,734,570</b>	<b>202,450,101</b>
Deferred outflows of resources	748,885	1,404,732	41,043	76,839	789,928	1,481,571
Long-term liabilities outstanding	69,512,535	52,075,661	16,358,791	15,593,190	85,871,326	67,668,851
Other liabilities	11,362,846	16,055,805	1,367,838	2,524,355	12,730,684	18,580,160
<b>Total liabilities</b>	<b>80,875,381</b>	<b>68,131,466</b>	<b>17,726,629</b>	<b>18,117,545</b>	<b>98,602,010</b>	<b>86,249,011</b>
Deferred inflows of resources	3,244,853	1,733,902	256,784	250,099	3,501,637	1,984,001
Net investment in capital assets	85,555,251	79,047,618	21,857,002	20,373,369	107,412,253	99,420,987
Restricted	634,475	622,028	-	-	634,475	622,028
Unrestricted	(721,626)	10,811	15,095,749	15,644,834	14,374,123	15,655,645
<b>Total net position</b>	<b>\$ 85,468,100</b>	<b>\$79,680,457</b>	<b>\$36,952,751</b>	<b>\$36,018,203</b>	<b>\$ 122,420,851</b>	<b>\$ 115,698,660</b>

The Town's total net position increased by \$6,722,191 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 \$5,787,643. The main reasons for the increase were positive operations of the debt service fund of \$847,415 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 asset and long-term liabilities. Capital asset additions were in excess of depreciation expense by \$13,696,731, partially offset by net debt activity that accounted for the balance of the increase.

**Business-type activities.** Business-type activities reported an increase in net position of \$934,548 due to the positive operations of the water fund of \$770,335 and positive operations of the sewer fund of \$164,213 during the current year. This was substantially due to a capital grant in the water fund for Hoyts Hill Pump Station and Maple Avenue Wells and a decrease in the water fund contracted services as compared to the prior year.

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.



Management's Discussion and Analysis (continued)

Statement of Changes in Net Position  
Years Ended June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 3,153,971	\$ 3,723,501	\$ 5,256,119	\$ 5,416,507	\$ 8,410,090	\$ 9,140,008
Operating grants and contributions	20,464,825	19,504,600	-	-	20,464,825	19,504,600
Capital grants and contributions	1,848,471	1,697,852	223,294	320,775	2,071,765	2,018,627
General revenues:						
Property taxes	63,965,879	61,698,354	-	-	63,965,879	61,698,354
Grants and contributions not restricted to specific programs	478,996	861,179	-	-	478,996	861,179
Use of money and property	518,409	198,622	23,202	2,311	541,611	200,933
Other	-	29,269	-	-	-	29,269
Total revenues	<u>90,430,551</u>	<u>87,713,377</u>	<u>5,502,615</u>	<u>5,739,593</u>	<u>95,933,166</u>	<u>93,452,970</u>
Expenses:						
General government	8,611,311	7,620,667	-	-	8,611,311	7,620,667
Public safety	8,880,407	9,299,858	-	-	8,880,407	9,299,858
Health and welfare	425,227	539,269	-	-	425,227	539,269
Public works	4,867,475	5,573,885	-	-	4,867,475	5,573,885
Library	1,381,685	1,477,351	-	-	1,381,685	1,477,351
Education	59,549,180	59,806,837	-	-	59,549,180	59,806,837
Interest expense	927,623	943,858	-	-	927,623	943,858
Water department	-	-	1,519,692	1,977,289	1,519,692	1,977,289
Sewer department	-	-	3,048,375	2,729,165	3,048,375	2,729,165
Total expenses	<u>84,642,908</u>	<u>85,261,725</u>	<u>4,568,067</u>	<u>4,706,454</u>	<u>89,210,975</u>	<u>89,968,179</u>
Change in net position	5,787,643	2,451,652	934,548	1,033,139	6,722,191	3,484,791
Net position - July 1 (as restated)	79,680,457	83,056,020	36,018,203	35,340,824	115,698,660	118,396,844
Restatements:						
OPEB liability	-	(6,220,552)	-	(355,760)	-	(6,576,312)
Other (see Note IV G)	-	393,337	-	-	-	393,337
Net position - June 30	<u>\$ 85,468,100</u>	<u>\$ 79,680,457</u>	<u>\$ 36,952,751</u>	<u>\$ 36,018,203</u>	<u>\$ 122,420,851</u>	<u>\$ 115,698,660</u>

**Governmental Activities - Revenues**

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

- Operating grants and contributions increased \$960,225 primarily due to an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' pension and OPEB Plans of \$928,541 offset by minor cuts in other State grants.
- Property taxes increased by \$2,267,525 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 \$257,657 due to, an increase in the on-behalf amount for the Town's allocable share of the pension expense for the State Teachers' pension and OPEB plans of approximately \$929,000 and offset by decreases of approximately \$1,069,000 in pension expense.
- General government expenses increased by \$990,644 due to increases in small cities expenditures of \$284,654 and increased employee benefit costs.
- Public works expenses decreased by \$706,410 substantially due to decreases in pension and OPEB expense.
- Public safety expenses decreased \$419,451 substantially due to decreases in pension and OPEB expense.

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

- Charges for services remained consistent with the prior year.
- Capital grants and contributions decreased by \$97,481 during the year due to the winding down of various drinking water projects. The Town received grant funds of \$978,251, which were offset by project loans of \$754,957. This resulted in revenue of \$146,344 for the Hoyts Hill Pump Station and \$76,950 for the Maple Avenue Wells.

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

- Water expenses decreased \$457,597 substantially due to an approximately \$439,000 decrease in maintenance and other items below the capitalization threshold.
- Sewer expenses increased \$319,210 substantially due to an approximately \$223,000 increase 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 a Town's net resources available for spending at the end of the fiscal year.

The combined fund balances of governmental funds is \$25,376,817. Of this amount, \$17,865 relates to nonspendable advances and \$378,922 for small cities loans, \$634,475 is restricted, \$4,019,171 is committed and \$1,918,597 is assigned. The balance of \$18,407,787 is unassigned fund balance.

## Management's Discussion and Analysis (continued)

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### General Fund

The general fund is the operating fund of the Town. The fund balance of the general fund increased by \$288,100 for the current fiscal year. The major factors for this increase were increased property tax revenues over budget expectations of \$1,700,697 and intergovernmental revenue under budgeted expectations by \$1,049,199.

Expenditures were \$1,222,989 less than budgeted. The most significant department under spent was Education by \$862,205 (before budget transfers) due to decreased in insurance and payroll related benefits costs.

### Bonded Projects Fund

The Bonded Projects Fund's net change in fund balance was an increase of \$9,116,790 for the fiscal year. This is a result of the permanent financing of \$20,000,000 of bond anticipation notes for various bonded projects. This financing helped eliminate the deficit fund balance of the prior year, resulting in a fund balance of \$392,529.

### Capital Nonrecurring Fund

The Capital Nonrecurring Fund's net change in fund balance was an increase of \$485,374 for the fiscal year due to the timing of the funding and spending of projects.

***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 \$934,548 detailed as follows:

#### Water Department

Net position of the water department at the end of the year amounted to \$4,489,083 an increase of \$770,335. This was substantially due to a capital grant in the water fund for Hoyts Hill pump station and Maple Avenue Wells and decrease in water contracted services.

#### Sewer Department

Net position of the sewer department at the end of the year amounted to \$32,463,668, an increase of \$164,213. This was due to an increase in sewer fund contracted services and repairs and maintenance offset by charges for services revenue.

**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	\$ 62,261,736	\$ -	\$ 62,261,736	\$ 63,962,433	\$ 1,700,697
Intergovernmental	8,893,738	-	8,893,738	7,844,539	(1,049,199)
Charges for services, use of money and property, and other	1,811,021	-	1,811,021	2,275,767	464,746
Appropriation of fund balance	-	2,000,000	2,000,000	-	(2,000,000)
Totals	72,966,495	2,000,000	74,966,495	74,082,739	(883,756)
<b>Expenditures and Other Financing Uses</b>					
Expenditures	71,166,572	300,000	71,466,572	70,243,583	1,222,989
Transfers out	1,799,923	1,700,000	3,499,923	3,499,923	-
Totals	72,966,495	2,000,000	74,966,495	73,743,506	1,222,989
<b>Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 339,233</b>	<b>\$ 339,233</b>

The most significant budget transfers were as follows:

- The parks and recreation (general government) budget was increased \$231,202 due an increase in the number of programs ran.
- The police department (public safety government) budget was increased \$102,672 due overtime overages.
- The budget for employee benefits (general government) was decreased \$657,974 for additional expenditures in other departments as insurance premiums came in less than anticipated.
- The Board of Education budget was decreased by \$902,723 due to decreased insurance and payroll related benefits costs.
- Increase of \$2,000,000 to appropriations and transfers out to the bonded projects fund for debt service payments for bond anticipation notes.

**Capital Assets and Debt Administration**

The Town's investment in capital assets in both governmental and business-type activities amounted to \$168,655,302, net of depreciation. This includes land, intangible assets, buildings, equipment and infrastructure (roads and bridges). Capital assets for governmental activities increased by 11.7% and business-type capital assets increased by 3.2%.

The most significant capital asset additions were as follows:

**Governmental activities:**

- Construction in progress increased \$14,646,818 during the year. This was offset by a \$5,243,228 transfer of completed projects to depreciable capital assets. Additions included \$1,759,050 for various school renovations, \$10,845,749 for the police station, and \$524,018 for the energy saving lighting project.

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

- Infrastructure increased during the year due to \$368,462 in additions for Whittlesey/Plumtrees Bridge and \$962,976 in roads. These additions primarily came from construction in progress.
- Building improvements increased by \$4,350,397 primarily due to the school lighting projects for Town and school buildings.
- \$748,554 of equipment was purchased, primarily for computers and other technology equipment.
- \$622,367 in vehicles were purchased, including several police cars.

**Business-type Activities:**

- Construction in progress increased \$1,862,023 due to a number of projects during the year including the Briar Cliff mains project of \$615,320 and Hoyts Hill pump station project of \$715,953. This was offset by a \$258,168 transfer of completed projects to distribution and collection system and machinery and equipment.

**Capital Assets - Net  
June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 6,957,720	\$ 6,957,720	\$ 157,072	\$ 157,072	\$ 7,114,792	\$ 7,114,792
Construction in progress	15,291,811	5,888,221	3,097,268	1,493,413	18,389,079	7,381,634
Land improvements	2,206,362	1,765,766	-	-	2,206,362	1,765,766
Intangible assets	75,815	82,407	6,414,523	6,577,480	6,490,338	6,659,887
Buildings	64,907,118	66,094,661	460,745	523,309	65,367,863	66,617,970
Building improvements	11,859,948	8,034,956	103,550	23,570	11,963,498	8,058,526
Distribution and collection system	-	-	27,394,896	27,648,125	27,394,896	27,648,125
Machinery and equipment	3,713,339	3,738,699	632,636	657,944	4,345,975	4,396,643
Vehicles	4,299,971	4,010,923	38,984	27,628	4,338,955	4,038,551
Infrastructure	21,043,544	20,128,301	-	-	21,043,544	20,128,301
<b>Total</b>	<b>\$ 130,355,628</b>	<b>\$ 116,701,654</b>	<b>\$ 38,299,674</b>	<b>\$ 37,108,541</b>	<b>\$ 168,655,302</b>	<b>\$ 153,810,195</b>

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

**Long-term Debt**

During the year, the Town's long-term debt increased by \$19,219,883. The increase is the result of the permanent financing of bond anticipation notes of \$20,000,000 and drinking water loan additions of \$754,957 offset by scheduled debt service payments of \$2,571,935. At the end of the current fiscal year, the Town had total bonded and loan debt outstanding of \$56,765,262, which is backed by the full faith and credit of the Town.

**Long-term Debt (continued)**

**Outstanding Long-Term Debt**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General purpose bonds	\$ 3,095,000	\$ 3,575,000	\$12,655,000	\$13,425,000	\$15,750,000	\$17,000,000
School bonds	17,575,000	18,690,000	-	-	17,575,000	18,690,000
Bond anticipation notes (permanently financed)	20,000,000	-	-	-	20,000,000	-
Drinking water loan	-	-	3,440,262	2,892,240	3,440,262	2,892,240
Total	<u>\$40,670,000</u>	<u>\$22,265,000</u>	<u>\$16,095,262</u>	<u>\$16,317,240</u>	<u>\$56,765,262</u>	<u>\$38,582,240</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 \$433,148,240, 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.F.

**Economic Factors and Next Year’s Budgets and Rates**

- The unemployment rate for the Town is currently 3.9%, which is an increase from fiscal year 2017. This is lower than both the State’s average unemployment rate of 4.5% and the national average of 4.0%.
- 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 2019 and thereafter.

Town officials considered many factors when setting the fiscal year 2019 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 2019 general fund budget is \$74,652,524, an increase of 2.3% 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, 2018

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash	\$ 14,982,905	\$ 594,529	\$ 15,577,434
Investments	22,945,260	405,976	23,351,236
Receivables:			
Property taxes	639,345	-	639,345
Assessments	-	2,702,680	2,702,680
Intergovernmental	1,107,121	83,959	1,191,080
Other	10,066	385,119	395,185
Internal balances	(1,965,940)	1,965,940	-
Other	16,628	-	16,628
Total current assets	<u>37,735,385</u>	<u>6,138,203</u>	<u>43,873,588</u>
Noncurrent assets:			
Restricted assets:			
Temporarily restricted cash	<u>261,284</u>	<u>-</u>	<u>261,284</u>
Receivables (net):			
Property taxes	108,230	-	108,230
Assessments	-	10,457,244	10,457,244
Loan	<u>378,922</u>	<u>-</u>	<u>378,922</u>
Total receivables (net)	<u>487,152</u>	<u>10,457,244</u>	<u>10,944,396</u>
Capital assets (net of accumulated depreciation):			
Land	6,957,720	157,072	7,114,792
Construction in progress	15,291,811	3,097,268	18,389,079
Land improvements	2,206,362	-	2,206,362
Intangible assets	75,815	6,414,523	6,490,338
Buildings	64,907,118	460,745	65,367,863
Building improvements	11,859,948	103,550	11,963,498
Distribution and collection system	-	27,394,896	27,394,896
Machinery and equipment	3,713,339	632,636	4,345,975
Vehicles	4,299,971	38,984	4,338,955
Infrastructure	<u>21,043,544</u>	<u>-</u>	<u>21,043,544</u>
Total capital assets (net of accumulated depreciation)	<u>130,355,628</u>	<u>38,299,674</u>	<u>168,655,302</u>
Total noncurrent assets	<u>131,104,064</u>	<u>48,756,918</u>	<u>179,860,982</u>
Total assets	<u>168,839,449</u>	<u>54,895,121</u>	<u>223,734,570</u>
<u>Deferred Outflows of Resources</u>			
Pension related	<u>748,885</u>	<u>41,043</u>	<u>789,928</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, 2018

<u>Liabilities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 2,741,524	\$ 242,060	\$ 2,983,584
Retainage payable	-	69,873	69,873
Accrued payroll and related liabilities	356,170	16,374	372,544
Accrued interest payable	210,606	41,965	252,571
Unearned revenue	29,975	-	29,975
Performance bonds	210,789	-	210,789
Bond anticipation notes	4,450,000	-	4,450,000
Bonds and notes payable	1,740,000	997,566	2,737,566
Capital lease payable	391,273	-	391,273
Compensated absences	765,802	-	765,802
Other liabilities	466,707	-	466,707
	<u>11,362,846</u>	<u>1,367,838</u>	<u>12,730,684</u>
Total current liabilities			
Noncurrent liabilities:			
Bonds and notes payable and related liabilities	39,410,545	15,209,057	54,619,602
Capital lease payable	3,327,958	-	3,327,958
Compensated absences	3,063,207	60,229	3,123,436
Net pension liability	10,119,136	404,210	10,523,346
OPEB liability	13,591,689	685,295	14,276,984
	<u>69,512,535</u>	<u>16,358,791</u>	<u>85,871,326</u>
Total noncurrent liabilities			
Total liabilities	<u>80,875,381</u>	<u>17,726,629</u>	<u>98,602,010</u>
<u>Deferred Inflows of Resources</u>			
Advance property tax collections	1,985,768	-	1,985,768
Deferred charge on refunding	323,130	236,049	559,179
Pension related	532,332	385	532,717
OPEB related	403,623	20,350	423,973
	<u>3,244,853</u>	<u>256,784</u>	<u>3,501,637</u>
Total deferred inflows of resources			
<u>Net Position</u>			
Net investment in capital assets	85,555,251	21,857,002	107,412,253
Restricted for:			
General government	318,734	-	318,734
Education	110,168	-	110,168
Public safety	78,609	-	78,609
Health and welfare	126,964	-	126,964
Unrestricted	(721,626)	15,095,749	14,374,123
	<u>\$ 85,468,100</u>	<u>\$ 36,952,751</u>	<u>\$ 122,420,851</u>
Total net position			

(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, 2018

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	\$ 8,611,311	\$ 1,522,187	\$ 851,362	\$ -	\$ (6,237,762)	\$ -	\$ (6,237,762)
Public safety	8,880,407	264,020	-	53,873	(8,562,514)	-	(8,562,514)
Health and welfare	425,227	30,763	521,257	-	126,793	-	126,793
Public works	4,867,475	114,538	321,818	1,794,598	(2,636,521)	-	(2,636,521)
Library	1,381,685	8,944	18,550	-	(1,354,191)	-	(1,354,191)
Education	59,549,180	1,213,519	18,751,838	-	(39,583,823)	-	(39,583,823)
Interest expense	927,623	-	-	-	(927,623)	-	(927,623)
Total governmental activities	84,642,908	3,153,971	20,464,825	1,848,471	(59,175,641)	-	(59,175,641)
Business-type activities:							
Water department	1,519,692	2,066,714	-	223,294	-	770,316	770,316
Sewer department	3,048,375	3,189,405	-	-	-	141,030	141,030
Total business-type activities	4,568,067	5,256,119	-	223,294	-	911,346	911,346
Total	\$ 89,210,975	\$ 8,410,090	\$ 20,464,825	\$ 2,071,765	(59,175,641)	911,346	(58,264,295)
General revenues:							
Property taxes					63,965,879	-	63,965,879
Grants and contributions not restricted to specific programs					478,996	-	478,996
Use of money and property					518,409	23,202	541,611
Total general revenues					64,963,284	23,202	64,986,486
Change in net position					5,787,643	934,548	6,722,191
Net position - July 1, 2017 (as restated)					79,680,457	36,018,203	115,698,660
Net position - June 30, 2018					\$ 85,468,100	\$ 36,952,751	\$ 122,420,851

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

Town of Bethel, Connecticut

Balance Sheet  
Governmental Funds  
June 30, 2018

	General	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 13,313,840	\$ -	\$ 329,879	\$ 557,230	\$ 14,200,949
Restricted cash	261,284	-	-	-	261,284
Investments	20,814,723	-	766,679	-	21,581,402
Receivables (net):					
Property taxes	797,586	-	-	-	797,586
Intergovernmental	365,918	-	643,418	97,785	1,107,121
Loan	-	-	-	378,922	378,922
Other	10,066	-	-	-	10,066
Due from other funds	1,431,751	6,073,952	141,667	3,274,410	10,921,780
Advance to other funds	17,865	-	-	-	17,865
Other	159	-	-	16,469	16,628
<b>Total assets</b>	<b>\$ 37,013,192</b>	<b>\$ 6,073,952</b>	<b>\$ 1,881,643</b>	<b>\$ 4,324,816</b>	<b>\$ 49,293,603</b>
<u>Liabilities</u>					
Liabilities:					
Accounts payable	\$ 1,371,922	\$ 1,201,423	\$ 65,313	\$ 97,033	\$ 2,735,691
Accrued payroll and related liabilities	356,170	-	-	-	356,170
Due to other funds	12,773,348	30,000	-	62,887	12,866,235
Unearned revenue	29,975	-	-	-	29,975
Bond anticipation notes	-	4,450,000	-	-	4,450,000
Performance bonds	210,789	-	-	-	210,789
Other liabilities	466,707	-	-	-	466,707
Advance from other funds	-	-	-	17,865	17,865
<b>Total liabilities</b>	<b>15,208,911</b>	<b>5,681,423</b>	<b>65,313</b>	<b>177,785</b>	<b>21,133,432</b>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue:					
Property taxes	797,586	-	-	-	797,586
Advance property tax collections	1,985,768	-	-	-	1,985,768
<b>Total deferred inflows of resources</b>	<b>2,783,354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,783,354</b>
<u>Fund Balances</u>					
Nonspendable	17,865	-	-	378,922	396,787
Restricted	-	-	-	634,475	634,475
Committed	576,092	392,529	1,816,330	1,234,220	4,019,171
Assigned	-	-	-	1,918,597	1,918,597
Unassigned	18,426,970	-	-	(19,183)	18,407,787
<b>Total fund balances</b>	<b>19,020,927</b>	<b>392,529</b>	<b>1,816,330</b>	<b>4,147,031</b>	<b>25,376,817</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 37,013,192</b>	<b>\$ 6,073,952</b>	<b>\$ 1,881,643</b>	<b>\$ 4,324,816</b>	<b>\$ 49,293,603</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, 2018**

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) \$ 25,376,817

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Beginning capital assets	116,701,654
Capital assets additions (net of construction in progress)	17,015,955
Depreciation expense	(3,319,224)
Disposal of capital assets	(42,757)

Other long-term assets are not available resources and, therefore, are not reported in the funds:

Property tax interest and lien accrual	174,989
Allowance for doubtful accounts	(225,000)

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

Property tax receivable - accrual basis change	797,586
Deferred outflows related to pensions	748,885

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	2,118,496
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Some liabilities and deferred inflows, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds and notes payable	(20,670,000)
Bond anticipation notes (long term)	(20,000,000)
Bond premium	(480,545)
Deferred charge on refunding	(323,130)
Capital lease payable	(3,719,231)
Compensated absences	(3,829,009)
Net pension liability	(10,119,136)
OPEB liability	(13,591,689)
Accrued interest payable	(210,606)
Deferred inflows related to pensions	(532,332)
Deferred inflows related to OPEB	(403,623)

Net position of governmental activities (Exhibit A)	\$ 85,468,100
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(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, 2018**

	General	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 63,962,433	\$ -	\$ -	\$ -	\$ 63,962,433
Intergovernmental	17,287,467	-	1,794,598	3,694,029	22,776,094
Charges for services	1,924,851	-	9,200	1,613,257	3,547,308
Use of money and property	515,912	-	2,433	64	518,409
Contributions	-	-	-	16,198	16,198
<b>Total revenues</b>	<b>83,690,663</b>	<b>-</b>	<b>1,806,231</b>	<b>5,323,548</b>	<b>90,820,442</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	13,391,421	-	-	675,156	14,066,577
Public safety	5,702,655	-	-	132,318	5,834,973
Health and welfare	330,167	-	-	29,445	359,612
Public works	3,612,422	-	-	-	3,612,422
Library	859,971	-	-	11,560	871,531
Education	53,431,408	-	-	3,452,937	56,884,345
Debt service	2,849,596	-	-	-	2,849,596
Capital outlay	-	14,101,456	1,545,857	-	15,647,313
<b>Total expenditures</b>	<b>80,177,640</b>	<b>14,101,456</b>	<b>1,545,857</b>	<b>4,301,416</b>	<b>100,126,369</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,513,023</b>	<b>(14,101,456)</b>	<b>260,374</b>	<b>1,022,132</b>	<b>(9,305,927)</b>
<b>Other financing sources (uses):</b>					
Issuance of debt	-	20,000,000	-	-	20,000,000
Premium	-	218,323	-	-	218,323
Transfers in	-	2,999,923	225,000	-	3,224,923
Transfers out	(3,224,923)	-	-	-	(3,224,923)
<b>Net other financing sources (uses)</b>	<b>(3,224,923)</b>	<b>23,218,246</b>	<b>225,000</b>	<b>-</b>	<b>20,218,323</b>
<b>Net change in fund balances</b>	<b>288,100</b>	<b>9,116,790</b>	<b>485,374</b>	<b>1,022,132</b>	<b>10,912,396</b>
<b>Fund balances - July 1, 2017 (as restated)</b>	<b>18,732,827</b>	<b>(8,724,261)</b>	<b>1,330,956</b>	<b>3,124,899</b>	<b>14,464,421</b>
<b>Fund Balances - June 30, 2018</b>	<b>\$ 19,020,927</b>	<b>\$ 392,529</b>	<b>\$ 1,816,330</b>	<b>\$ 4,147,031</b>	<b>\$ 25,376,817</b>

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, 2018**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 10,912,396

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	17,015,955
Depreciation expense	<u>(3,319,224)</u>
Total	<u>13,696,731</u>

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase 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	<u>(42,757)</u>
----------------------------	-----------------

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	3,932
Change in loan receivable - accrual basis change	(393,337)
Change in property tax interest and lien receivable	<u>(486)</u>
Total	<u>(389,891)</u>

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 bond anticipation notes (permanently financed)	(20,000,000)
Principal repayments:	
General obligation bonds	1,595,000
Capital lease	382,946
Bond premium	97,219
Deferred charges	<u>(19,035)</u>
Total	<u>(17,943,870)</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:

Compensated absences	230,363
Pension liability	582,896
OPEB liability	(174,496)
Accrued interest payable	30,466
Amortization of deferred outflows of resources	(655,847)
Amortization of deferred inflows of resources	<u>(543,297)</u>
Total	<u>(529,915)</u>

The net revenue of the activities of the internal service funds is reported with governmental activities 84,949

Change in net position of governmental activities (Exhibit B) \$ 5,787,643

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

Town of Bethel, Connecticut

Statement of Net Position  
Proprietary Funds  
June 30, 2018

Business-type Activities  
Enterprise Funds

	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
<u>Assets</u>				
Current assets:				
Cash	\$ 18,618	\$ 575,911	\$ 594,529	\$ 781,956
Investments	-	405,976	405,976	1,363,858
Receivables (net):				
Assessments	-	2,702,680	2,702,680	-
Intergovernmental	83,959	-	83,959	-
User fee	153,200	231,919	385,119	-
Due from other funds	-	3,483,830	3,483,830	-
Total current assets	255,777	7,400,316	7,656,093	2,145,814
Noncurrent assets:				
Receivables:				
Assessments	-	10,457,244	10,457,244	-
Capital assets (net):				
Land	24,123	132,949	157,072	-
Construction in progress	3,097,268	-	3,097,268	-
Intangible assets	4,188	6,410,335	6,414,523	-
Buildings	185,946	274,799	460,745	-
Building improvements	99,066	4,484	103,550	-
Distribution and collection system	6,669,920	20,724,976	27,394,896	-
Machinery and equipment	35,318	597,318	632,636	-
Vehicles	38,984	-	38,984	-
Total capital assets (net)	10,154,813	28,144,861	38,299,674	-
Total noncurrent assets	10,154,813	38,602,105	48,756,918	-
Total assets	10,410,590	46,002,421	56,413,011	2,145,814
<u>Deferred Outflows of Resources</u>				
Pension related	23,453	17,590	41,043	-

(Continued)

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

Town of Bethel, Connecticut

Statement of Net Position  
Proprietary Funds  
June 30, 2018

Business-type Activities  
Enterprise Funds

Liabilities	Major Funds			Internal Service Funds
	Water Department	Sewer Department	Totals	
Current liabilities:				
Accounts payable	\$ 203,489	\$ 38,571	\$ 242,060	\$ 5,833
Retainage payable	69,873	-	69,873	-
Accrued payroll and benefits	10,766	5,608	16,374	-
Accrued interest payable	3,092	38,873	41,965	-
Due to other funds	1,517,890	-	1,517,890	21,485
Bonds and notes payable	222,566	775,000	997,566	-
Total current liabilities	2,027,676	858,052	2,885,728	27,318
Noncurrent liabilities:				
Bonds, notes and related liabilities	3,217,696	11,991,361	15,209,057	-
Compensated absences	45,004	15,225	60,229	-
Net pension liability	230,977	173,233	404,210	-
OPEB liability	411,177	274,118	685,295	-
Total noncurrent liabilities	3,904,854	12,453,937	16,358,791	-
Total liabilities	5,932,530	13,311,989	19,244,519	27,318
Deferred Inflows of Resources				
Deferred charge on refunding	-	236,049	236,049	-
Pension related	220	165	385	-
OPEB related	12,210	8,140	20,350	-
Total deferred inflows of resources	12,430	244,354	256,784	-
Net Position				
Net investment in capital assets	6,714,551	15,142,451	21,857,002	-
Unrestricted	(2,225,468)	17,321,217	15,095,749	2,118,496
Total net position	\$ 4,489,083	\$ 32,463,668	\$ 36,952,751	\$ 2,118,496

(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 Net Position**  
**Proprietary Funds**  
**For The Year Ended June 30, 2018**

	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Operating revenues:				
Charges for services	\$ 2,066,714	\$ 2,693,021	\$ 4,759,735	\$ 142,392
Operating expenses:				
Personnel services	787,590	511,193	1,298,783	-
Repairs and maintenance	89,806	124,585	214,391	-
Contracted services	116,411	1,260,701	1,377,112	-
Materials and supplies	59,389	22,896	82,285	-
Utilities	69,318	84,512	153,830	-
Insurance	75,435	53,045	128,480	-
Claims incurred	-	-	-	70,000
Capital improvement	106,909	-	106,909	-
Depreciation and amortization	194,494	492,962	687,456	-
Total operating expenses	1,499,352	2,549,894	4,049,246	70,000
Operating income (loss)	567,362	143,127	710,489	72,392
Nonoperating revenues (expenses):				
Capital grant	223,294	-	223,294	-
Investment income	19	23,183	23,202	12,557
Assessment bond interest	-	496,384	496,384	-
Interest expense	(20,340)	(498,481)	(518,821)	-
Net nonoperating revenues (expenses)	202,973	21,086	224,059	12,557
Change in net position	770,335	164,213	934,548	84,949
Total net position - July 1, 2017 (as restated)	3,718,748	32,299,455	36,018,203	2,033,547
Total net position - June 30, 2018	\$ 4,489,083	\$ 32,463,668	\$ 36,952,751	\$ 2,118,496

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, 2018**

	Business-type Activities Enterprise Funds			Internal Service Funds
	Major Funds			
	Water Department	Sewer Department	Totals	
Cash flows from operating activities:				
Receipts from customers	\$ 2,094,826	\$ 2,747,431	\$ 4,842,257	\$ 142,392
Receipts (payments) on interfund balances	(1,061,201)	(566,760)	(1,627,961)	64,167
Payments to suppliers	(732,551)	(1,781,836)	(2,514,387)	-
Payments to employees	(496,945)	(349,084)	(846,029)	-
Claims paid	-	-	-	(64,167)
Net cash provided by (used in) operating activities	<u>(195,871)</u>	<u>49,751</u>	<u>(146,120)</u>	<u>142,392</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,798,742)	(79,847)	(1,878,589)	-
Assessments	-	911,213	911,213	-
Assessment bond interest	-	496,384	496,384	-
Proceeds from grants and state drinking water loans	2,221,888	-	2,221,888	-
Principal payments (bonds and bond anticipation notes)	(206,935)	(820,000)	(1,026,935)	-
Interest payments, net	(20,340)	(576,312)	(596,652)	-
Net cash provided by (used in) capital and related financing activities	<u>195,871</u>	<u>(68,562)</u>	<u>127,309</u>	<u>-</u>
Cash flows from investing activities:				
Investment income	19	23,183	23,202	12,557
Increase (decrease) in cash	19	4,372	4,391	154,949
Cash - July 1, 2017	<u>18,599</u>	<u>977,515</u>	<u>996,114</u>	<u>1,990,865</u>
Cash - June 30, 2018	<u>\$ 18,618</u>	<u>\$ 981,887</u>	<u>\$ 1,000,505</u>	<u>\$ 2,145,814</u>
Reconciliation to Exhibit F - Cash:				
Cash per above	\$ 18,618	\$ 981,887	\$ 1,000,505	\$ 2,145,814
Cash reported as investments	-	(405,976)	(405,976)	(1,363,858)
Cash - Exhibit F	<u>\$ 18,618</u>	<u>\$ 575,911</u>	<u>\$ 594,529</u>	<u>\$ 781,956</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 567,362	\$ 143,127	\$ 710,489	\$ 72,392
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	194,494	492,962	687,456	-
(Increase) decrease in:				
Receivables	28,112	54,410	82,522	-
Due from other funds	-	(566,760)	(566,760)	64,167
Increase (decrease) in:				
Accounts and other payables	75,362	(73,988)	1,374	5,833
Due to other funds	(1,061,201)	-	(1,061,201)	-
Net cash provided by (used in) operating activities	<u>\$ (195,871)</u>	<u>\$ 49,751</u>	<u>\$ (146,120)</u>	<u>\$ 142,392</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, 2018**

	<u>Pension Trust Funds</u>	<u>Private - Purpose Trust Funds</u>	<u>Custodial Funds</u>
<u>Assets</u>			
Cash	\$ -	\$ 47,203	\$ 15,183
Investments:			
Mutual funds:			
Equity	6,440,341	98,472	-
Bond	3,776,940	38,970	-
Certificates of deposit	-	-	655,737
Bank money market accounts	2,209,940	4,565	-
U.S. government obligations	5,223,979	-	-
U.S. government agency securities	-	153,317	-
Common stock	16,208,847	-	-
Corporate bonds	9,361,968	-	-
Total investments	43,222,015	295,324	655,737
Prepaid benefits and fees	586,430	-	-
Total assets	<u>43,808,445</u>	<u>342,527</u>	<u>670,920</u>
<u>Net Position</u>			
Restricted for:			
Pensions	43,808,445	-	-
Individuals and organizations	-	342,527	670,920
Total net position	<u>\$ 43,808,445</u>	<u>\$ 342,527</u>	<u>\$ 670,920</u>

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, 2018**

	Pension Trust Funds	Private - Purpose Trust Funds	Custodial Funds
Additions:			
Contributions:			
Employer	\$ 2,215,000	\$ -	\$ -
Plan members	622,784	-	-
Private contributions	-	42,003	-
Charges for services	-	-	1,034,108
Total contributions	<u>2,837,784</u>	<u>42,003</u>	<u>1,034,108</u>
Investment income (loss):			
Change in fair value of investments	1,758,063	(10,157)	-
Interest and dividends	1,577,462	14,896	-
Total investment income (loss)	3,335,525	4,739	-
Less investment expenses	<u>304,407</u>	<u>-</u>	<u>-</u>
Net investment income (loss)	<u>3,031,118</u>	<u>4,739</u>	<u>-</u>
Total additions	<u>5,868,902</u>	<u>46,742</u>	<u>1,034,108</u>
Deductions:			
Benefits	2,477,966	-	-
Administration	334,331	150	-
Scholarships awarded	-	49,675	-
Activities and events	-	-	1,017,134
Total deductions	<u>2,812,297</u>	<u>49,825</u>	<u>1,017,134</u>
Change in net position	3,056,605	(3,083)	16,974
Net position - July 1, 2017 (as restated)	<u>40,751,840</u>	<u>345,610</u>	<u>653,946</u>
Net position - June 30, 2018	<u>\$ 43,808,445</u>	<u>\$ 342,527</u>	<u>\$ 670,920</u>

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

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**History and organization**

The Town of Bethel 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.

**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  
For the Year Ended June 30, 2018**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.

Property taxes, 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 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:

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

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

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

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**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, water and transfer station 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 net position or equity****1. Cash and investments**

Cash – For cash flow purposes the Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

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  
For the Year Ended June 30, 2018**

**C. Assets, liabilities, deferred outflows/inflows of resources and net position or 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.

Method used to value investments - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

**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, property tax and water and sewer use are shown net of an allowance for uncollectibles. Allowance percentages range from 2 to 24% 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.



## Town of Bethel, Connecticut

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

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

**3. Restricted assets**

The restricted assets for the Town are restricted for performance bonds. 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.

**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.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the water and sewer departments during the current fiscal year was \$20,340 and \$498,481, respectively. These amounts were not capitalized.

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

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.

## Town of Bethel, Connecticut

**Notes to Financial Statements  
For the Year Ended June 30, 2018****C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity  
(continued)****5. Deferred outflows/inflows of resources**

In addition to assets, the statement of net position may 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. The Town reports deferred outflows of resources related to pensions for differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on pension plan investments. The deferred outflow related to the 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 for the net difference between projected and actual earnings of the pension plan investments will be amortized over a five year period.

In addition to liabilities, the statement of net position may 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 a deferred inflow related to pensions and OPEB for the differences between expected and actual experience, changes in assumptions, and the net difference between projected and actual earnings on plan investments. These deferred inflows will be amortized over the remaining service life of all plan members. The deferred inflow for the net difference between projected and actual earnings of the plan investments will be amortized over a five year period. The Town also reports the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 property taxes (including advance collections, if any). These amounts are deferred and 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 noncurrent 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.

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity  
(continued)****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.

**8. Net position flow assumption**

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.

**9. Fund equity and net position**

In the government-wide 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.

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.

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**C. Assets, liabilities, deferred outflows/inflows of resources and net position or equity  
(continued)**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.

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.

**10. 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.

**11. Reclassifications**

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

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**II. Stewardship, compliance and accountability****A. Budgets and budgetary accounting**

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

1. 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.
2. 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.
3. 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 \$2,000,000 during the year.
4. Formal budgetary integration is employed as a management control device during the year.
5. The legal level of control, the level at which expenditures may not exceed appropriations, is at the department level.
6. 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

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

## 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 \$37,082 for the Hennessy Scholarship fund, \$53,317 for the Menegay Scholarship fund and \$910 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:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Cumulative Expenditures</u>	<u>Project Balance</u>
Road construction	\$ 1,038,808	\$ 829,799	\$ 209,009
Road construction	500,000	209,009	290,991
Police station	14,380,000	11,816,632	2,563,368
Energy saving project	<u>4,305,492</u>	<u>4,305,492</u>	<u>-</u>
Totals	<u>\$ 20,224,300</u>	<u>\$ 17,160,932</u>	<u>\$ 3,063,368</u>

## Town of Bethel, Connecticut

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

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

Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. At year end, \$31,564,134 of the Town's bank balance of \$33,356,799 (including certificates of deposit and money market accounts) was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 27,080,905
Uninsured and collateral held by the pledging bank's trust department not in the Town's name	<u>4,483,229</u>
<b>Total amount subject to custodial credit risk</b>	<b><u>\$ 31,564,134</u></b>

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.

The Town's investments consisted of the following:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		N/A	Less than 1	1-5 Years	6-10 Years
Mutual funds:					
Equity	\$ 6,538,813	\$ 6,538,813	\$ -	\$ -	\$ -
Bond	14,003,720	-	10,393,296	1,925,783	1,684,641
Certificates of deposit	12,109,464	-	12,109,464	-	-
Common stock	16,208,847	16,208,847	-	-	-
Bank money market accounts	3,884,671	-	3,884,671	-	-
U.S. government obligations	5,223,979	-	-	5,223,979	-
U.S. government agency securities	192,850	-	192,850	-	-
Corporate bonds	9,361,968	-	610,654	8,751,314	-
<b>Total</b>	<b><u>\$ 67,524,312</u></b>	<b><u>\$ 22,747,660</u></b>	<b><u>\$ 27,190,935</u></b>	<b><u>\$ 15,901,076</u></b>	<b><u>\$ 1,684,641</u></b>

**Fair Value of Investments**

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- 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; and
- Level 3:* Unobservable inputs.

## Town of Bethel, Connecticut

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

**A. Cash and Investments (continued)**

The Town had the following recurring fair value measurements:

	Amount	Quoted Market	Significant
		Prices in Active Markets Level 1	Observable Inputs Level 2
<u>Investments by Fair Value Level</u>			
Mutual Funds:			
Equity	\$ 6,538,813	\$ 6,538,813	\$ -
Bond	14,003,720	14,003,720	-
Common stock	16,208,847	16,208,847	-
U.S. government obligations	5,223,979	-	5,223,979
U.S. government agency obligations	192,850	-	192,850
Corporate bonds	9,361,968	-	9,361,968
Total Investments by Fair Value Level	<u>51,530,177</u>	<u>\$ 36,751,380</u>	<u>\$ 14,778,797</u>
<u>Other Investments</u>			
Certificates of deposit	12,109,464		
Bank money market accounts	<u>3,884,671</u>		
Total other investments	<u>15,994,135</u>		
Total Investments	<u>\$ 67,524,312</u>		

Interest rate risk - 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.

Foreign currency risk – The Town does not have a formal policy with respect to 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.

Credit risk - 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.

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

Average Rating	Bond Mutual Funds	US Government Obligations	US Government Agency Securities	Corporate Bonds
AAA	\$ 1,161,631	\$ 5,223,979	\$ 192,850	\$ 872,773
AA	10,827,061	-	-	2,722,180
A	-	-	-	3,123,906
B	2,015,028	-	-	-
BBB	-	-	-	2,643,109
Total	<u>\$ 14,003,720</u>	<u>\$ 5,223,979</u>	<u>\$ 192,850</u>	<u>\$ 9,361,968</u>



## Town of Bethel, Connecticut

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

**A. Cash and Investments (continued)**

Custodial credit risk - The Town does not have a formal policy with respect to 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 has 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, bonds, debentures, certificates of deposit and money funds.

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

	<u>Total</u>	<u>Less Insured Amounts</u>	<u>Amount Subject to Custodial Credit Risk</u>
Common stock	\$ 16,208,847	\$ 500,000	\$ 15,708,847
U.S. government obligations	5,223,979	1,000,000	4,223,979
U.S. government agency securities	192,850	153,317	39,533
Corporate bonds	9,361,968	-	9,361,968
	<hr/>		
Total	<u>\$ 30,987,644</u>	<u>\$ 1,653,317</u>	<u>\$ 29,334,327</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.

	<u>Property Taxes</u>		
	<u>Taxes</u>	<u>Interest &amp; Liens</u>	<u>Total</u>
Current portion	\$ 551,850	\$ 87,495	\$ 639,345
Long-term portion	245,736	87,494	333,230
Less allowance for uncollectibles	(150,000)	(75,000)	(225,000)
Net long-term portion	<u>\$ 95,736</u>	<u>\$ 12,494</u>	<u>\$ 108,230</u>

	<u>User Fee Receivables</u>			<u>Small Cities Loans</u>
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total</u>	
Gross receivable	\$ 158,200	\$ 239,419	\$ 397,619	\$ 386,722
Less allowance for uncollectibles	(5,000)	(7,500)	(12,500)	(7,800)
Net receivable	<u>\$ 153,200</u>	<u>\$ 231,919</u>	<u>\$ 385,119</u>	<u>\$ 378,922</u>

## Town of Bethel, Connecticut

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

**C. Capital assets**

Capital asset activity for the fiscal year was as follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b><u>Governmental activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 6,957,720	\$ -	\$ -	\$ 6,957,720
Construction in progress	5,888,221	14,646,818	5,243,228	15,291,811
<b>Total capital assets, not being depreciated</b>	<b>12,845,941</b>	<b>14,646,818</b>	<b>5,243,228</b>	<b>22,249,531</b>
Capital assets, being depreciated:				
Land improvements	2,663,944	559,609	-	3,223,553
Buildings	88,929,745	-	-	88,929,745
Building improvements	14,509,037	4,350,397	-	18,859,434
Machinery and equipment	9,314,103	748,554	-	10,062,657
Intangible assets	131,849	-	-	131,849
Vehicles	6,837,951	622,367	44,772	7,415,546
Infrastructure	24,289,612	1,331,438	-	25,621,050
<b>Total capital assets, being depreciated</b>	<b>146,676,241</b>	<b>7,612,365</b>	<b>44,772</b>	<b>154,243,834</b>
<b>Total capital assets</b>	<b>159,522,182</b>	<b>22,259,183</b>	<b>5,288,000</b>	<b>176,493,365</b>
Less accumulated depreciation for:				
Land improvements	898,178	119,013	-	1,017,191
Buildings	22,835,084	1,187,543	-	24,022,627
Building improvements	6,474,081	525,405	-	6,999,486
Machinery and equipment	5,575,404	773,914	-	6,349,318
Intangible assets	49,442	6,592	-	56,034
Vehicles	2,827,028	290,562	2,015	3,115,575
Infrastructure	4,161,311	416,195	-	4,577,506
<b>Total accumulated depreciation</b>	<b>42,820,528</b>	<b>3,319,224</b>	<b>2,015</b>	<b>46,137,737</b>
<b>Total capital assets, being depreciated, net</b>	<b>103,855,713</b>	<b>4,293,141</b>	<b>42,757</b>	<b>108,106,097</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 116,701,654</b>	<b>\$ 18,939,959</b>	<b>\$ 5,285,985</b>	<b>\$ 130,355,628</b>

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

**Governmental activities:**

General government	\$ 187,766
Public safety	355,642
Public works	592,384
Library	207,288
Health and welfare	1,429
Parks and recreation	49,023
Education	1,925,692
<b>Total depreciation expense - governmental activities</b>	<b>\$ 3,319,224</b>

## Town of Bethel, Connecticut

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

## C. Capital assets (continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
<b><u>Business-type activities:</u></b>				
Capital assets, not being depreciated:				
Land	\$ 157,072	\$ -	\$ -	\$ 157,072
Construction in progress	1,493,413	1,862,023	258,168	3,097,268
Total capital assets, not being depreciated	1,650,485	1,862,023	258,168	3,254,340
Capital assets, being depreciated:				
Intangible assets	12,144,523	-	-	12,144,523
Buildings	4,272,637	-	-	4,272,637
Building improvements	78,674	83,165	-	161,839
Distribution and collection system	34,305,307	161,487	-	34,466,794
Machinery and equipment	1,516,145	15,041	-	1,531,186
Vehicles	144,875	15,041	-	159,916
Total capital assets, being depreciated	52,462,161	274,734	-	52,736,895
Total capital assets	54,112,646	2,136,757	258,168	55,991,235
Less accumulated depreciation for:				
Intangible assets	5,567,043	162,957	-	5,730,000
Buildings	3,749,328	62,564	-	3,811,892
Building improvements	55,104	3,185	-	58,289
Distribution and collection system	6,657,182	414,716	-	7,071,898
Machinery and equipment	858,201	40,349	-	898,550
Vehicles	117,247	3,685	-	120,932
Total accumulated depreciation	17,004,105	687,456	-	17,691,561
Total capital assets, being depreciated, net	35,458,056	(412,722)	-	35,045,334
Business-type capital assets, net	\$ 37,108,541	\$ 1,449,301	\$ 258,168	\$ 38,299,674
<b><u>Business-type activities</u></b>				
Water			\$ 194,494	
Sewer			492,962	
Total depreciation/amortization expense - business-type activities			\$ 687,456	

## Town of Bethel, Connecticut

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

## C. Capital assets (continued)

## Construction commitments

The Town has the following commitments:

Police station project	\$1,452,774
School projects	1,100,319
Briar Cliff	185,397

## D. 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	\$ -	\$ 38,988
Public safety grants	N/A	-	78,609
School lunch program	N/A	2,989	-
Education grants	N/A	-	1,075,649
Railroad station	N/A	-	14,221
Railroad station renovation	N/A	-	13,507
General government	N/A	-	18,710
Debt service	N/A	-	1,973,892
Small cities program	N/A	-	60,834
Capital nonrecurring	N/A	-	51,769
Bonded projects	N/A	-	6,073,952
Water department	N/A	1,407,277	-
Sewer department	N/A	-	3,373,217
Internal service - BOE self insurance	N/A	21,485	-
Total general fund		<u>1,431,751</u>	<u>12,773,348</u>
<u>Bonded projects:</u>			
Bonded projects	General fund	6,073,952	-
Bonded projects	Capital nonrecurring	-	30,000
Total bonded projects		<u>6,073,952</u>	<u>30,000</u>

## Town of Bethel, Connecticut

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

## D. Interfund accounts (continued)

	Corresponding Fund	Due From	Due To
<u>Capital nonrecurring:</u>			
Capital nonrecurring	General fund	\$ 51,769	\$ -
Capital nonrecurring	Bonded projects	30,000	-
Capital nonrecurring	Debt service	59,898	-
		<hr/>	
Total capital nonrecurring		141,667	-
		<hr/>	
<u>Water department:</u>			
Water department	Sewer department	-	110,613
Water department	General fund	-	1,407,277
		<hr/>	
Total water department		-	1,517,890
		<hr/>	
<u>Sewer department:</u>			
Sewer department	Water department	110,613	-
Sewer department	General fund	3,373,217	-
		<hr/>	
Total sewer department		3,483,830	-
		<hr/>	
<u>Internal service funds:</u>			
Board of Education medical self insurance	General fund	-	21,485
		<hr/>	
<u>Other governmental funds:</u>			
Small cities program	General fund	60,834	-
Health department grants	General fund	38,988	-
Public safety grants	General fund	78,609	-
Education grants	General fund	1,075,649	-
School lunch program	General fund	-	2,989
Railroad station	General fund	14,221	-
Railroad station renovation	General fund	13,507	-
General government	General fund	18,710	-
Debt service	General fund	1,973,892	-
Debt service	Capital nonrecurring	-	59,898
		<hr/>	
Total other governmental funds		3,274,410	62,887
		<hr/>	
Grand total		\$ 14,405,610	\$14,405,610
		<hr/> <hr/>	

All interfund balances result from time lag between the dates payments occur between funds for short-term internal financing.

## Town of Bethel, Connecticut

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

## D. Interfund accounts (continued)

## 2. Advance payable and receivable

	Corresponding Fund	Advances To	Advances From
General fund:			
Bennett property	N/A	\$ 17,865	\$ -
Other governmental funds:			
Bennett property	General fund	-	17,865
Grand total		<u>\$ 17,865</u>	<u>\$ 17,865</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:

	Corresponding Fund	Transfer In	Transfer Out
General Fund:			
Capital nonrecurring	N/A	\$ -	\$ 225,000
Bonded projects	N/A	-	2,999,923
Total General fund		<u>-</u>	<u>3,224,923</u>
Major- Bonded Projects:			
Bonded projects	General fund	<u>2,999,923</u>	<u>-</u>
Major- Capital Nonrecurring:			
Capital nonrecurring	General fund	<u>225,000</u>	<u>-</u>
Fiduciary Funds:			
Town pension fund	Police pension fund	81,728	-
Police pension fund	Town pension fund	<u>-</u>	<u>81,728</u>
Grand total		<u>\$3,306,651</u>	<u>\$ 3,306,651</u>

Transfers are used to account for the financing by the general fund of various programs and activities in other funds.

## Town of Bethel, Connecticut

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

**E. Short-term obligations****1. Bond anticipation notes**

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, 2017	Additions	Reductions	Permanently Financed	Balance June 30, 2018
General purpose- capital	\$ 8,690,270	\$16,955,697	\$17,640,890	\$ 3,555,077	\$ 4,450,000
Road paving	1,285,000	1,185,000	2,470,000	-	-
Public works equipment	329,730	289,380	619,110	-	-
School renovation	100,000	2,134,245	170,000	2,064,245	-
Police headquarters	-	26,835,678	12,455,000	14,380,678	-
<b>Total</b>	<b>\$ 10,405,000</b>	<b>\$47,400,000</b>	<b>\$33,355,000</b>	<b>\$20,000,000</b>	<b>\$ 4,450,000</b>

**Business-type activities:**

Project	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Sewer Department	\$ 50,000	\$ -	\$ 50,000	\$ -

The bond anticipation notes mature in December 2018, and carry a coupon interest rate of 2.5%. In November 2018, the Town issued \$20,000,000 of general obligation bonds and \$13,825,000 of general obligation bonds anticipation notes. The bonds permanently financed a portion of the bond anticipation notes outstanding at fiscal year end. These bonds mature through 2038 and carry interest rates of 3.00% - 5.00%. These bond anticipation notes mature in July of 2019 and carry coupon interest rate of 3.00%.

**Town of Bethel, Connecticut**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2018**

**F. Changes in long-term obligations**

**1. Summary of changes**

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

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	(As restated)			Balance June 30, 2018	Current Portion	Long-term Portion
					Balance July 1, 2017	Additions	Deductions			
General purpose:										
Refunding bonds	\$ 1,785,000	04/28/10	07/15/20	4.00-5.00%	\$ 955,000	\$ -	\$ 315,000	\$ 640,000	\$ 320,000	\$ 320,000
Refunding bonds	1,992,000	04/28/10	07/15/20	3.00-5.00%	990,000	-	165,000	825,000	165,000	660,000
Refunding bonds	1,630,000	05/14/14	08/01/24	2.00-3.00%	1,630,000	-	-	1,630,000	-	1,630,000
Total general purpose					3,575,000	-	480,000	3,095,000	485,000	2,610,000
School:										
Refunding bonds	4,648,000	04/28/10	07/15/20	3.00-5.00%	2,160,000	-	360,000	1,800,000	360,000	1,440,000
Refunding bonds	18,405,000	04/28/15	11/15/34	1.00-5.00%	16,530,000	-	755,000	15,775,000	895,000	14,880,000
Total school					18,690,000	-	1,115,000	17,575,000	1,255,000	16,320,000
Total bonds					22,265,000	-	1,595,000	20,670,000	1,740,000	18,930,000
Bond anticipation notes (permanently financed)					-	20,000,000	-	20,000,000	-	20,000,000
Premium					577,764	-	97,219	480,545	-	480,545
Total bonds and notes and related liabilities					22,842,764	20,000,000	1,692,219	41,150,545	1,740,000	39,410,545
Capital lease payable					4,102,177	-	382,946	3,719,231	391,273	3,327,958
Compensated absences					4,059,372	92,558	322,921	3,829,009	765,802	3,063,207
Net pension liability					10,702,032	5,296,346	5,879,242	10,119,136	-	10,119,136
OPEB liability					13,417,193	1,038,991	864,495	13,591,689	-	13,591,689
Total long-term obligations					\$ 55,123,538	\$ 26,427,895	\$ 9,141,823	\$ 72,409,610	\$ 2,897,075	\$ 69,512,535

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



## Town of Bethel, Connecticut

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

## F. Changes in long-term obligations (continued)

Enterprise funds (1):

Description	Original Amount	Date of Issue	Date of Maturity	Interest Rate	(As restated)	Additions	Deductions	Balance June 30, 2018	Current Portion	Long-term Portion
					Balance July 1, 2017					
Bonds:										
Sewer:										
Refunding bonds	\$ 2,975,000	05/14/14	08/01/31	2.00-3.25%	\$ 2,570,000	\$ -	\$ 190,000	\$ 2,380,000	\$ 190,000	\$ 2,190,000
Refunding bonds	12,010,000	04/07/15	11/15/34	1.00-5.00%	10,855,000	-	580,000	10,275,000	585,000	9,690,000
Total bonds					13,425,000	-	770,000	12,655,000	775,000	11,880,000
Notes:										
Water:										
DWSRF 2016-7040	1,855,379	05/31/17	11/30/36	2.00%	1,855,379	-	137,520	1,717,859	77,940	1,639,919
DWSRF 2017-7051	1,025,306	07/31/17	07/31/37	2.00%	378,231	647,075	46,222	979,084	86,188	892,896
DWSRF 2017-7054	766,512	05/31/17	05/31/37	2.00%	658,630	107,882	23,193	743,319	58,438	684,881
Total water					2,892,240	754,957	206,935	3,440,262	222,566	3,217,696
Premium					118,422	-	7,061	111,361	-	111,361
Total bonds and notes and related liabilities					16,435,662	754,957	983,996	16,206,623	997,566	15,209,057
Compensated absences					22,204	41,945	3,920	60,229	-	60,229
Net pension liability					410,269	268,298	274,357	404,210	-	404,210
OPEB liability					676,497	52,386	43,588	685,295	-	685,295
Total enterprise funds					\$17,544,632	\$ 1,117,586	\$ 1,305,861	\$17,356,357	\$ 997,566	\$ 16,358,791

- (1) The sewer improvement bonds are supported by means of an assessment program. All obligations are backed by the full faith and credit of the Town.

## Town of Bethel, Connecticut

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

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

The following is a summary of debt maturities:

Year Ending June 30	Debt Maturities					
	Bonds	General Purpose Interest	Sewer Bonds	Sewer Interest	Notes	Notes Interest
2019	\$ 1,740,000	\$ 788,613	\$ 775,000	\$ 456,532	\$ 222,566	\$ 73,658
2020	1,760,000	701,113	780,000	423,282	152,142	62,401
2021	1,790,000	615,713	790,000	388,657	155,212	59,317
2022	1,795,000	532,738	795,000	352,682	158,345	56,171
2023	1,800,000	451,038	800,000	317,307	161,541	52,963
2024	1,285,000	383,257	800,000	282,413	164,802	49,687
2025	1,275,000	337,458	800,000	253,350	168,126	47,108
2026	950,000	305,069	620,000	230,031	174,488	42,940
2027	940,000	276,719	615,000	206,481	174,984	39,463
2028	930,000	244,019	1,100,000	180,281	178,516	35,917
2029	930,000	206,819	605,000	151,281	179,002	32,299
2030	930,000	169,619	920,000	122,356	182,604	26,648
2031	925,000	137,144	600,000	96,413	189,545	22,843
2032	915,000	108,972	900,000	73,160	193,372	18,961
2033	910,000	78,750	590,000	51,100	197,274	15,000
2034	900,000	47,075	585,000	30,538	201,256	10,961
2035	895,000	15,658	580,000	10,145	205,318	6,838
2036	-	-	-	-	209,462	2,958
2037	-	-	-	-	148,273	831
2038	-	-	-	-	23,434	-
<b>Totals</b>	<b>\$ 20,670,000</b>	<b>\$ 5,399,774</b>	<b>\$ 12,655,000</b>	<b>\$ 3,626,009</b>	<b>\$ 3,440,262</b>	<b>\$ 656,964</b>

## Town of Bethel, Connecticut

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

## F. 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	\$139,226,220	\$ 25,480,755	\$ 113,745,465
Schools	278,452,440	19,639,245	258,813,195
Sewer	232,043,700	-	232,043,700
Urban renewal	201,104,540	-	201,104,540
Pension deficit	185,634,960	-	185,634,960

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, \$433,148,240.

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. Capital leases

The Town is committed under capital leases for computers, equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and; therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Computers, equipment and vehicles totaling \$594,775, net of accumulated depreciation of \$551,441, are recorded under the capital lease. This year, \$10,535 was included in depreciation expense.

Capital assets for the energy lease totaled \$4,305,492, net of accumulated depreciation of \$86,110. This year, \$86,110 was included in depreciation expense.

The following is a schedule of the future minimum lease payments under this capital lease and the present value of the net minimum lease payments:

Year Ending <u>June 30,</u>	
2019	\$ 495,479
2020	272,527
2021	281,164
2022	306,923
2023	316,592
2024-2028	1,738,453
2029-2030	1,010,772
Less amount representing interest	<u>(702,679)</u>
Present value of minimum lease payments	<u>\$ 3,719,231</u>

## Town of Bethel, Connecticut

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

**F. Changes in long-term obligations (continued)****4. Authorized/unissued bonds**

The amounts of authorized, unissued bonds are as follows:

General purpose	\$ 15,033,325
Schools	<u>9,578,623</u>
Total	<u>\$ 24,611,948</u>

**5. Conduit debt**

The Bethel Baseball Association was desirous of having lighting installed at the baseball field at Mitchell Park. The Association and the Town executed an agreement that has the Town purchase, finance and install the lighting, and the Association would be 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 \$69,225. The Town has no obligation to pay the lease beyond the payment received from the lease payment received from the Association.

**G. Restricted net position**

The amount of restricted net position, which was restricted by enabling legislation, totaled \$144,468.

**H. Deficit fund balances**

The Bennett Property fund had a deficit fund balance at year end of \$19,183. 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**  
**For the Year Ended June 30, 2018**

**I. Fund balance classifications**

Fund balance components are as follows:

Fund Balance Component	General Fund	Bonded Projects	Capital Nonrecurring	Other Governmental Funds	Total
<u>Nonspendable:</u>					
Advance to other funds	\$ 17,865	\$ -	\$ -	\$ -	\$ 17,865
Small cities grant	-	-	-	378,922	378,922
Total nonspendable	17,865	-	-	378,922	396,787
<u>Restricted:</u>					
Health and welfare:					
Small cities grant	-	-	-	87,976	87,976
Health grants	-	-	-	38,988	38,988
Public safety:					
Police equipment	-	-	-	78,609	78,609
School lunch program	-	-	-	110,168	110,168
General government:					
Railroad station operations	-	-	-	284,434	284,434
Historic documents preservation	-	-	-	34,300	34,300
Total restricted	-	-	-	634,475	634,475
<u>Committed:</u>					
General government:					
Railroad station improvements	-	-	-	37,663	37,663
Planning and Zoning commission	-	-	-	63,875	63,875
Library operations	-	-	-	56,468	56,468
Education grant programs	-	-	-	1,076,214	1,076,214
Education (general)	576,092	-	-	-	576,092
Approved projects	-	392,529	1,816,330	-	2,208,859
Total committed	576,092	392,529	1,816,330	1,234,220	4,019,171
<u>Assigned:</u>					
Future debt service payments	-	-	-	1,918,597	1,918,597
<u>Unassigned</u>	18,426,970	-	-	(19,183)	18,407,787
Total	\$ 19,020,927	\$ 392,529	\$ 1,816,330	\$ 4,147,031	\$ 25,376,817

## Town of Bethel, Connecticut

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

## C. 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, 2017, the plans' membership consists of the following:

	<u>Town</u>	<u>Police</u>
Retirees and beneficiaries currently receiving benefits	109	16
Terminated employees entitled to benefits but not yet receiving them	14	2
Active plan members	<u>120</u>	<u>36</u>
Totals	<u>243</u>	<u>54</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  
For the Year Ended June 30, 2018**C. 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  
For the Year Ended June 30, 2018**

**C. 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 15.43% and 40.10% of covered payroll, respectively, for the Town and Police plans. Administration costs are financed from investment earnings.

**4. 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>

**5. Concentrations**

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

**6. Rate of return**

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.99% and 6.61% 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.

## Town of Bethel, Connecticut

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

**C. Pension plans (continued)****7. Net pension liability**

The components of the net pension liability were as follows:

	<u>Town</u>	<u>Police</u>
Total pension liability	\$ 37,578,235	\$ 16,753,556
Plan fiduciary net position	<u>(31,803,808)</u>	<u>(12,004,637)</u>
Net pension liability	<u>\$ 5,774,427</u>	<u>\$ 4,748,919</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.63%</u>	<u>71.65%</u>

**8. Actuarial assumptions**

The total pension liability was determined as of July 1, 2017 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	Fair value	Fair value
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  
For the Year Ended June 30, 2018**

**C. Pension plans (continued)****8. Actuarial assumptions (continued)**

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>	<u>Town and Police Plans' 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).

**9. 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.

## Town of Bethel, Connecticut

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

**C. Pension plans (continued)****10. Changes in the net pension liability**

The Town's net pension liability was measured at June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The changes in net pension liability for each plan for the fiscal year were as follows:

<u>Town Plan</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 35,826,779	\$ 29,965,798	\$ 5,860,981
Service cost	851,894	-	851,894
Interest	2,481,626	-	2,481,626
Differences between expected and actual experience	259,629	-	259,629
Contributions - employer	-	1,190,000	(1,190,000)
Contributions - member	-	411,011	(411,011)
Net investment income	-	2,236,644	(2,236,644)
Benefit payments, including refunds of member contributions	(1,841,693)	(1,841,693)	-
Administration	-	(239,680)	239,680
Other changes - transfer in from police plan	-	81,728	(81,728)
Net change	<u>1,751,456</u>	<u>1,838,010</u>	<u>(86,554)</u>
Balance at June 30, 2018	<u>\$ 37,578,235</u>	<u>\$ 31,803,808</u>	<u>\$ 5,774,427</u>
<u>Police</u>	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at July 1, 2017	\$ 16,037,362	\$ 10,786,042	\$ 5,251,320
Service cost	525,522	-	525,522
Interest	1,029,914	-	1,029,914
Differences between expected and actual experience	(202,969)	-	(202,969)
Contributions - employer	-	1,025,000	(1,025,000)
Contributions - member	-	211,773	(211,773)
Net investment income	-	794,474	(794,474)
Benefit payments, including refunds of member contributions	(636,273)	(636,273)	-
Administration	-	(94,651)	94,651
Other changes - transfer out to town plan	-	(81,728)	81,728
Net change	<u>716,194</u>	<u>1,218,595</u>	<u>(502,401)</u>
Balance at June 30, 2018	<u>\$ 16,753,556</u>	<u>\$ 12,004,637</u>	<u>\$ 4,748,919</u>

## Town of Bethel, Connecticut

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

## C. Pension plans (continued)

## 11. 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 (6.75%)	1% Increase (7.75%)
<u>Town</u>			
Net pension liability	\$ 9,901,249	\$ 5,774,427	\$ 2,128,393
<u>Police</u>			
Net pension liability	\$ 7,164,821	\$ 4,748,919	\$ 2,668,705

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

For the fiscal year the Town recognized pension expense of \$1,611,934 for the Town Plan and \$845,224 for the Police Plan. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Town Plan</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 311,012	\$ (5,497)
Net difference between projected and actual earnings on pension plan investments	275,312	-
Total	\$ 586,324	\$ (5,497)
Net amount of deferred inflows and outflows		\$ 580,827
<u>Police</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Description of Outflows/Inflows		
Differences between expected and actual experience	\$ 83,380	\$ (527,220)
Net difference between projected and actual earnings on pension plan investments	120,224	-
Total	\$ 203,604	\$ (527,220)
Net amount of deferred inflows and outflows		\$ (323,616)

## Town of Bethel, Connecticut

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

**C. Pension plans (continued)**

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 4.1 and 10.1 years for the Town and Police Plans, respectively.

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
2019	\$ 521,355	\$ 85,512
2020	267,275	20,612
2021	(164,785)	(121,807)
2022	(43,018)	(54,409)
2023	-	(47,579)
Thereafter	-	(205,945)
Total	<u>\$ 580,827</u>	<u>\$ (323,616)</u>

**13. 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 \$65,074 and employee contributions totaled \$65,074.

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  
For the Year Ended June 30, 2018

## C. Pension plans (continued)

## 14. Plan statements

Combining Statement of Fiduciary Net Position  
Pension Trust Funds

	Town Pension Fund	Police Pension Fund	Total
<u>Assets</u>			
Investments:			
Equity mutual funds	\$ 4,776,716	\$ 1,663,625	\$ 6,440,341
Bond mutual funds	2,614,679	1,162,261	3,776,940
Bank money market accounts	1,416,461	793,479	2,209,940
U.S. government obligations	3,819,832	1,404,147	5,223,979
Common stock	11,906,104	4,302,743	16,208,847
Corporate bonds	6,829,570	2,532,398	9,361,968
Total investments	31,363,362	11,858,653	43,222,015
Prepaid benefits and fees	440,446	145,984	586,430
Total assets	31,803,808	12,004,637	43,808,445
<u>Net Position</u>			
Restricted for pension benefits	\$ 31,803,808	\$ 12,004,637	\$ 43,808,445

## Town of Bethel, Connecticut

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

## C. Pension plans (continued)

## 14. Plan statements (continued)

Combining Statement of Changes In Fiduciary Net Position  
Pension Trust Funds

	Town Pension Fund	Police Pension Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,190,000	\$ 1,025,000	\$ 2,215,000
Plan members	411,011	211,773	622,784
Total contributions	1,601,011	1,236,773	2,837,784
Investment income (loss):			
Change in fair value of investments	1,293,902	464,161	1,758,063
Interest and dividends	1,164,906	412,556	1,577,462
Total investment income (loss)	2,458,808	876,717	3,335,525
Less investment expenses	222,164	82,243	304,407
Net investment income (loss)	2,236,644	794,474	3,031,118
Total additions	3,837,655	2,031,247	5,868,902
Deductions:			
Benefits	1,841,693	636,273	2,477,966
Administration	239,680	94,651	334,331
Total deductions	2,081,373	730,924	2,812,297
Change in net position before transfers	1,756,282	1,300,323	3,056,605
Transfers in (out)	81,728	(81,728)	-
Change in net position	1,838,010	1,218,595	3,056,605
Net position - July 1, 2017	29,965,798	10,786,042	40,751,840
Net position - June 30, 2018	\$ 31,803,808	\$ 12,004,637	\$ 43,808,445



## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**D. Pension plans - 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](http://www.ct.gov).

**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 the 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 average annual salary.

**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.

Employer (School Districts)

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

## Town of Bethel, Connecticut

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

**D. Pension plans - Connecticut State Teachers' Retirement System (continued)**Employees

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

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's proportionate share of the net pension liability associated with the Town		<u>74,004,441</u>
Total		<u>\$ 74,004,441</u>

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

For the fiscal year, the Town recognized pension expense and revenue of \$8,560,152 for on-behalf amounts for the benefits provided by the State.

**5. Actuarial assumptions**

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

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

Mortality rates were based on the 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**  
**For the Year Ended June 30, 2018**

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

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

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:

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

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**D. Pension plans - Connecticut State Teachers' Retirement System (continued)****6. 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.

**7. 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.

**8. Plan fiduciary net position**

Detailed information about the Connecticut State Teachers' Retirement System 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, 2017.

**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 Statement 75.

**B. 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.

Town of Bethel, Connecticut

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

**E. Other post-employment benefit plans (continued)**

**1. Plan description (continued)**

**C. 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 projected unit credit method. The Town, Police and Board of Education's total plan contribution was \$445,845.

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.

**D. Employees Covered by Benefit Terms**

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	61	33	315
Total	<u>86</u>	<u>42</u>	<u>328</u>

**2. OPEB Liability**

The Town's OPEB liability of \$14,276,984 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

**3. Actuarial methods and other inputs**

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
Remaining amortization period	22 years, closed
Actuarial assumptions:	
Investment rate of return - all plans	3.87%
Healthcare inflation rate:	
Initial	7.00%
Ultimate	4.50%
Inflation rate	2.75%

## Town of Bethel, Connecticut

Notes to Financial Statements  
For the Year Ended June 30, 2018**E. Other post-employment benefit plans (continued)****3. Actuarial methods and other inputs (continued)****Changes in Assumptions**

The healthcare cost rates increased to the initial rate of 7.00% and an ultimate rate of 4.50% since the prior measurement date.

The discount rate decreased from 4.00% to 3.87%.

The actuarial cost method was changed from projected unit credit to entry age normal since the prior measurement date.

**4. Changes in the OPEB Liability**

OPEB liability - July 1, 2017	<u>\$ 14,093,690</u>
Service cost	574,246
Interest	517,131
Changes of assumptions or other inputs	(462,238)
Benefit payments	<u>(445,845)</u>
Net Change	<u>183,294</u>
OPEB liability - June 30, 2018	<u><u>\$ 14,276,984</u></u>

**5. 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 (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

<u>OPEB Liability</u>	<u>1% Decrease 2.87%</u>	<u>Discount Rate 3.87%</u>	<u>1% Increase 4.87%</u>
Town OPEB Plan	<u>\$ 15,966,433</u>	<u>\$ 14,276,984</u>	<u>\$ 12,832,566</u>

**6. 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 a 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>\$ 12,443,488</u>	<u>\$ 14,276,984</u>	<u>\$ 16,514,198</u>

**Town of Bethel, Connecticut**

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

**E. Other post-employment benefit plans (continued)**

**7. 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:

Description of Inflows	Deferred Inflows of Resources
Changes in assumptions	\$ (423,973)

Changes in assumptions are amortized over 12.08 years.

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

Year Ended June 30,	
2019	\$ (38,265)
2020	(38,265)
2021	(38,265)
2022	(38,265)
2023	(38,265)
Thereafter	(232,648)
Total	\$ (423,973)

**F. OPEB – Connecticut State Teachers’ Retirement 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 10-183 (t) 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)

**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.

Town of Bethel, Connecticut

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

F. OPEB – Connecticut State Teachers’ Retirement Plan (Continued)

2. Benefit Provisions (continued)

- **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). There are three choices for coverage under the CTRB Sponsored Medicare Supplemental Plans. The choices and 2017 calendar year premiums charged for each choice are shown in the table below

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



Town of Bethel, Connecticut

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

F. OPEB – Connecticut State Teachers’ Retirement Plan (Continued)

Retiree Health Care Coverage (continued)

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

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 10-183t, 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. Contributions in excess of \$500,000 will be credited to the Retiree Health Insurance Plan.

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 net OPEB liability	\$ -
State’s proportionate share of the net OPEB liability associated with the Town	<u>19,047,909</u>
Total	<u>\$ 19,047,909</u>

Town of Bethel, Connecticut

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

**F. OPEB – Connecticut State Teachers’ Retirement Plan (Continued)**

**4. OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)**

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

The Town recognized OPEB expense and revenue of \$882,776 for on-behalf amounts for the benefits provided by the State.

**5. Actuarial Assumptions**

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

Mortality rates were based on the 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 was used.

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

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 weighting 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 2.75%.

## Town of Bethel, Connecticut

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

## F. OPEB – Connecticut State Teachers' Retirement Plan (continued)

## 5. Actuarial Assumptions (continued)

**Changes from Prior Valuation**

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 3.01% to 3.56% 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.

**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 3.56%. 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.

Town of Bethel, Connecticut

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

F. OPEB – Connecticut State Teachers’ Retirement Plan (continued)

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, 2017.

G. Prior Period Adjustment

The government-wide net position and fund balances were restated as follows for the implementation of GASB 75 and 84 and to restate unavailable revenue:

	Governmental Activities	Business-Type Activities	Other Governmental Activities	Water Department	Sewer Department	Custodial Funds
Net position/Fund balance as previously reported at June 30, 2017	\$ 85,507,672	\$ 36,373,963	\$ 2,731,562	\$ 3,943,599	\$ 32,430,364	\$ -
To present custodial funds in accordance with new reporting standard (GASB 84)	-	-	-	-	-	653,946
To remove unavailable revenue for small cities loans	393,337	-	393,337	-	-	-
To remove OPEB obligation previously recorded	7,196,641	320,737	-	181,047	139,690	-
To record beginning OPEB liability	(13,417,193)	(676,497)	-	(405,898)	(270,599)	-
Net position/Fund balance as restated at July 1, 2017	<u>\$ 79,680,457</u>	<u>\$ 36,018,203</u>	<u>\$ 3,124,899</u>	<u>\$ 3,718,748</u>	<u>\$ 32,299,455</u>	<u>\$ 653,946</u>

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**Required  
Supplementary  
Information**

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**Town of Bethel, Connecticut**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For The Year Ended June 30, 2018**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
<b>Revenues:</b>					
Property taxes	\$ 62,261,736	\$ -	\$ 62,261,736	\$ 63,962,433	\$ 1,700,697
Intergovernmental	8,893,738	-	8,893,738	7,844,539	(1,049,199)
Charges for services	1,626,021	-	1,626,021	1,759,855	133,834
Use of money and property	185,000	-	185,000	515,912	330,912
<b>Total revenues</b>	<b>72,966,495</b>	<b>-</b>	<b>72,966,495</b>	<b>74,082,739</b>	<b>1,116,244</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	13,830,363	776,651	14,607,014	13,384,025	1,222,989
Public safety	5,144,198	99,258	5,243,456	5,243,456	-
Health and welfare	384,039	(62,514)	321,525	321,525	-
Public works	3,487,604	112,007	3,599,611	3,599,611	-
Library	864,620	(7,730)	856,890	856,890	-
Education	44,850,685	(862,205)	43,988,480	43,988,480	-
Debt service	2,605,063	244,533	2,849,596	2,849,596	-
<b>Total expenditures</b>	<b>71,166,572</b>	<b>300,000</b>	<b>71,466,572</b>	<b>70,243,583</b>	<b>1,222,989</b>
Excess (deficiency) of revenues over expenditures	1,799,923	(300,000)	1,499,923	3,839,156	2,339,233
<b>Other financing sources (uses):</b>					
Appropriation of fund balance	-	2,000,000	2,000,000	-	(2,000,000)
Transfers out	(1,799,923)	(1,700,000)	(3,499,923)	(3,499,923)	-
<b>Net other financing sources (uses)</b>	<b>(1,799,923)</b>	<b>300,000</b>	<b>(1,499,923)</b>	<b>(3,499,923)</b>	<b>(2,000,000)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>339,233</b>	<b>\$ 339,233</b>
Fund balance, July 1, 2017				19,405,162	
Fund balance, June 30, 2018				<u>\$ 19,744,395</u>	

**Reconciliation to Exhibit D**

	Revenues	Expenditures	Fund Balance
Budgetary Basis - RSI-1	\$ 74,082,739	\$ 70,243,583	\$ 19,744,395
Accrued Payroll	-	67,522	(208,911)
Board of Education Contingency	-	-	576,092
Paramedic Intercept	154,996	422,325	(456,943)
Transfer Station	10,000	1,282	(633,706)
State Teachers' pension on-behalf amount	8,560,152	8,560,152	-
State Teachers' OPEB on-behalf amount	882,776	882,776	-
<b>Balance, GAAP basis, Exhibit D</b>	<b>\$ 83,690,663</b>	<b>\$ 80,177,640</b>	<b>\$ 19,020,927</b>

**Notes to Required Supplementary Information:** 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 reported as part of the general fund as required by Generally Accepted Accounting Principles.

**Town of Bethel, Connecticut**  
**General Fund**  
**Schedule of Revenues and Other Financing Sources**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Property taxes:					
Property taxes	\$ 61,995,195	\$ -	\$ 61,995,195	\$ 63,486,012	\$ 1,490,817
Interest and lien fees	200,000	-	200,000	341,314	141,314
Telephone access tax	50,000	-	50,000	39,799	(10,201)
PILOT- Reynolds Ridge	-	-	-	60,157	60,157
PILOT- Augustana	16,541	-	16,541	35,151	18,610
<b>Total property taxes</b>	<b>62,261,736</b>	<b>-</b>	<b>62,261,736</b>	<b>63,962,433</b>	<b>1,700,697</b>
Intergovernmental:					
Equal cost sharing	8,087,732	-	8,087,732	7,031,632	(1,056,100)
Transportation	111,118	-	111,118	-	(111,118)
Continuing education	11,259	-	11,259	12,093	834
Town aid roads	320,239	-	320,239	321,818	1,579
PILOT- State owned property	21,081	-	21,081	136	(20,945)
Elderly homeowners exemption	100,000	-	100,000	-	(100,000)
Disability tax loss	2,000	-	2,000	1,881	(119)
Veterans tax relief	10,000	-	10,000	8,382	(1,618)
LOCIP	119,172	-	119,172	-	(119,172)
Mashantucket Pequot fund	48,774	-	48,774	58,031	9,257
Colleges and hospitals	52,363	-	52,363	-	(52,363)
Miscellaneous state revenue	10,000	-	10,000	410,566	400,566
<b>Total intergovernmental</b>	<b>8,893,738</b>	<b>-</b>	<b>8,893,738</b>	<b>7,844,539</b>	<b>(1,049,199)</b>
Charges for services:					
Hunting and fishing licenses	250	-	250	156	(94)
Marriage licenses	1,000	-	1,000	715	(285)
Town farmland preservation	12,500	-	12,500	6,915	(5,585)
Recreational programs	509,693	-	509,693	564,564	54,871
Conveyance tax	275,000	-	275,000	303,765	28,765
Recording fees	118,058	-	118,058	102,760	(15,298)
Town Clerk copy receipts	40,000	-	40,000	40,937	937
CIRMA revenue sharing	33,020	-	33,020	66,675	33,655
Senior Center activities	36,000	-	36,000	44,685	8,685
Parking fines	3,000	-	3,000	1,025	(1,975)
Building and zoning	267,000	-	267,000	346,801	79,801
Pistol permits	5,000	-	5,000	3,945	(1,055)
Dog licenses	4,000	-	4,000	1,525	(2,475)
Canine receipts	2,000	-	2,000	2,276	276
Planning and zoning	15,000	-	15,000	14,868	(132)
Zoning board of appeals	2,000	-	2,000	1,860	(140)
Police receipts	2,500	-	2,500	2,776	276
Police other	100,000	-	100,000	92,771	(7,229)
Vendor licenses	2,000	-	2,000	4,600	2,600
Dumping charges	178,000	-	178,000	139,533	(38,467)
Scrap metal/appliances	4,000	-	4,000	7,665	3,665
Brush	1,000	-	1,000	145	(855)
Library fees	15,000	-	15,000	8,893	(6,107)
<b>Total charges for services</b>	<b>1,626,021</b>	<b>-</b>	<b>1,626,021</b>	<b>1,759,855</b>	<b>133,834</b>
Use of money and property:					
Interest	150,000	-	150,000	483,373	333,373
Property leases	35,000	-	35,000	32,539	(2,461)
<b>Total use of money and property</b>	<b>185,000</b>	<b>-</b>	<b>185,000</b>	<b>515,912</b>	<b>330,912</b>
<b>Total revenues</b>	<b>72,966,495</b>	<b>-</b>	<b>72,966,495</b>	<b>74,082,739</b>	<b>1,116,244</b>
Other financing sources:					
Appropriation of fund balance	-	2,000,000	2,000,000	-	(2,000,000)
<b>Total revenues and other financing sources</b>	<b>\$ 72,966,495</b>	<b>\$ 2,000,000</b>	<b>\$ 74,966,495</b>	<b>\$ 74,082,739</b>	<b>\$ (883,756)</b>

Town of Bethel, Connecticut

General Fund  
Schedule of Expenditures and Other Financing Uses  
Budget and Actual  
For the Year Ended June 30, 2018

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
General government:					
Selectmen	\$ 258,879	\$ 3,499	\$ 262,378	\$ 262,378	\$ -
Treasurer	6,000	2,523	8,523	8,523	-
Finance department	435,141	(1,029)	434,112	434,112	-
Town clerk	227,367	(8,361)	219,006	219,006	-
Assessor	226,902	9,199	236,101	236,101	-
Tax collector	201,196	(5,143)	196,053	196,053	-
Legal department	188,980	93,707	282,687	282,687	-
Probate court	4,966	311	5,277	5,277	-
Data processing	277,125	(24,506)	252,619	252,619	-
Town insurance	1,399,999	(25,795)	1,374,204	1,374,204	-
Planning and zoning	228,664	8,796	237,460	237,460	-
Registrar of voters	100,516	(4,111)	96,405	96,405	-
Town boards and commissions	56,750	(16,114)	40,636	40,636	-
Parks and recreation	1,250,200	231,202	1,481,402	1,481,402	-
Employee benefits	5,976,993	(657,974)	5,319,019	5,319,019	-
Agency subsidies	178,499	(1,776)	176,723	176,723	-
Utilities, charges and services	2,452,509	48,877	2,501,386	2,501,386	-
Miscellaneous charges	171,021	(109,210)	61,811	61,811	-
Senior center	188,656	9,567	198,223	198,223	-
Contingency	-	1,222,989	1,222,989	-	1,222,989
<b>Total general government</b>	<b>13,830,363</b>	<b>776,651</b>	<b>14,607,014</b>	<b>13,384,025</b>	<b>1,222,989</b>
Public safety:					
Building and inspection	231,261	6,880	238,141	238,141	-
Emergency management	27,882	(7,241)	20,641	20,641	-
Fire marshal	94,855	(5,054)	89,801	89,801	-
Bethel fire department	170,250	10,097	180,347	180,347	-
Stony Hill fire department	128,750	(8,096)	120,654	120,654	-
Police department	4,491,200	102,672	4,593,872	4,593,872	-
<b>Total public safety</b>	<b>5,144,198</b>	<b>99,258</b>	<b>5,243,456</b>	<b>5,243,456</b>	<b>-</b>
Health and welfare:					
Social services	88,740	(15,494)	73,246	73,246	-
Health department	295,299	(47,020)	248,279	248,279	-
<b>Total health and welfare</b>	<b>384,039</b>	<b>(62,514)</b>	<b>321,525</b>	<b>321,525</b>	<b>-</b>

(Continued)



**Town of Bethel, Connecticut**  
**General Fund**  
**Schedule of Expenditures and Other Financing Uses**  
**Budget and Actual**  
**For the Year Ended June 30, 2018**

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance With Final Budget
Public works:					
Fleet maintenance	\$ 315,935	41,637	\$ 357,572	\$ 357,572	\$ -
Public works administration	314,212	20,770	334,982	334,982	-
Highway department	1,906,902	(22,151)	1,884,751	1,884,751	-
Transfer station	182,000	3,034	185,034	185,034	-
Building maintenance	683,155	25,007	708,162	708,162	-
Tree warden	85,400	43,710	129,110	129,110	-
Total public works	<u>3,487,604</u>	<u>112,007</u>	<u>3,599,611</u>	<u>3,599,611</u>	<u>-</u>
Library	<u>864,620</u>	<u>(7,730)</u>	<u>856,890</u>	<u>856,890</u>	<u>-</u>
Education:					
Board of education	44,318,577	(902,723)	43,415,854	43,415,854	-
Education maintenance	532,108	40,518	572,626	572,626	-
Total education	<u>44,850,685</u>	<u>(862,205)</u>	<u>43,988,480</u>	<u>43,988,480</u>	<u>-</u>
Debt service	<u>2,605,063</u>	<u>244,533</u>	<u>2,849,596</u>	<u>2,849,596</u>	<u>-</u>
Total expenditures	<u>71,166,572</u>	<u>300,000</u>	<u>71,466,572</u>	<u>70,243,583</u>	<u>1,222,989</u>
Other financing uses:					
Transfers to other funds:					
Paramedic intercept	275,000	-	275,000	275,000	-
Bonded projects	1,299,923	1,700,000	2,999,923	2,999,923	-
Capital non-recurring fund	225,000	-	225,000	225,000	-
Total other financing uses	<u>1,799,923</u>	<u>1,700,000</u>	<u>3,499,923</u>	<u>3,499,923</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 72,966,495</u>	<u>\$ 2,000,000</u>	<u>\$ 74,966,495</u>	<u>\$ 73,743,506</u>	<u>\$ 1,222,989</u>

(Concluded)

## Town of Bethel, Connecticut

## Town Plan

Required Supplementary Information  
Last Five Years (1)

## Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 851,894	\$ 785,563	\$ 822,302	\$ 824,737	\$ 1,132,089
Interest	2,481,626	2,149,718	2,063,282	1,958,065	829,900
Change of benefit terms	-	2,396,107	33	-	-
Differences between expected and actual experience	259,629	206,471	(14,173)	-	-
Benefit payments, including refunds of member contributions	<u>(1,841,693)</u>	<u>(1,521,542)</u>	<u>(1,368,871)</u>	<u>(1,295,920)</u>	<u>(1,200,025)</u>
Net change in total pension liability	1,751,456	4,016,317	1,502,573	1,486,882	761,964
Total pension liability - July 1	<u>35,826,779</u>	<u>31,810,462</u>	<u>30,307,889</u>	<u>28,821,007</u>	<u>28,059,043</u>
Total pension liability - June 30 (a)	<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>
Plan fiduciary net position:					
Contributions - employer	\$ 1,190,000	\$ 1,200,000	\$ 2,751,446	\$ 3,083,429	\$ 2,559,953
Contributions - member	411,011	399,468	341,395	285,418	307,290
Net investment income	2,236,644	2,838,413	(265,630)	369,456	1,941,532
Benefit payments, including refunds of member contributions	(1,841,693)	(1,521,542)	(1,368,871)	(1,295,920)	(1,200,025)
Administration	(239,680)	(102,552)	(44,388)	-	(39,913)
Transfer in from police plan	<u>81,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,838,010	2,813,787	1,413,952	2,442,383	3,568,837
Plan fiduciary net position - July 1	<u>29,965,798</u>	<u>27,152,011</u>	<u>25,738,059</u>	<u>23,295,676</u>	<u>19,726,839</u>
Plan fiduciary net position - June 30 (b)	<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>
Net pension liability - June 30 (a)-(b)	<u>\$ 5,774,427</u>	<u>\$ 5,860,981</u>	<u>\$ 4,658,451</u>	<u>\$ 4,569,830</u>	<u>\$ 5,525,331</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

## Police Plan

Required Supplementary Information  
Last Five Years (1)

## Schedule of Changes in Net Pension Liability

	2018	2017	2016	2015	2014
Total pension liability:					
Service cost	\$ 525,522	\$ 484,820	\$ 506,137	\$ 476,144	\$ 473,342
Interest	1,029,914	1,058,018	998,784	918,850	280,634
Differences between expected and actual experience	(202,969)	(425,369)	122,464	-	-
Benefit payments, including refunds of member contributions	<u>(636,273)</u>	<u>(530,615)</u>	<u>(474,173)</u>	<u>(460,787)</u>	<u>(334,882)</u>
Net change in total pension liability	716,194	586,854	1,153,212	934,207	419,094
Total pension liability - July 1	<u>16,037,362</u>	<u>15,450,508</u>	<u>14,297,296</u>	<u>13,363,089</u>	<u>12,943,995</u>
Total pension liability - June 30 (a)	<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>
Plan fiduciary net position:					
Contributions - employer	\$ 1,025,000	\$ 1,021,720	\$ 513,000	\$ 472,000	\$ 375,000
Contributions - member	211,773	181,099	198,552	252,142	228,856
Net investment income	794,474	977,787	(91,082)	259,775	724,429
Benefit payments, including refunds of member contributions	(636,273)	(530,615)	(474,173)	(460,787)	(334,882)
Administration	(94,651)	(35,042)	(24,922)	-	(14,881)
Transfer out to town plan	<u>(81,728)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	1,218,595	1,614,949	121,375	523,130	978,522
Plan fiduciary net position - July 1	<u>10,786,042</u>	<u>9,171,093</u>	<u>9,049,718</u>	<u>8,526,588</u>	<u>7,548,066</u>
Plan fiduciary net position - June 30 (b)	<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>
Net pension liability - June 30 (a)-(b)	<u>\$ 4,748,919</u>	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>	<u>\$ 4,836,501</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**  
**Town Plan**  
**Required Supplementary Information**  
**Last Five Years (1)**

	2018	2017	2016	2015	2014
<b><u>Schedule of Net Pension Liability</u></b>					
Total pension liability	\$ 37,578,235	\$ 35,826,779	\$ 31,810,462	\$ 30,307,889	\$ 28,821,007
Plan fiduciary net position	<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>
Net pension liability	<u>\$ 5,774,427</u>	<u>\$ 5,860,981</u>	<u>\$ 4,658,451</u>	<u>\$ 4,569,830</u>	<u>\$ 5,525,331</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>84.63%</u>	<u>83.64%</u>	<u>85.36%</u>	<u>84.92%</u>	<u>80.83%</u>
Covered payroll	<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>
Net pension liability as a percentage of covered payroll	<u>75.49%</u>	<u>75.37%</u>	<u>61.24%</u>	<u>60.07%</u>	<u>71.39%</u>
<b><u>Schedule of Investment Returns</u></b>					
	2018	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	<u>6.99%</u>	<u>10.51%</u>	<u>(1.11%)</u>	<u>2.40%</u>	<u>9.61%</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

## Police Plan

Required Supplementary Information  
Last Five Years (1)

	2018	2017	2016	2015	2014
<b><u>Schedule of Net Pension Liability</u></b>					
Total pension liability	\$ 16,753,556	\$ 16,037,362	\$ 15,450,508	\$ 14,297,296	\$ 13,363,089
Plan fiduciary net position	<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>
Net pension liability	<u>\$ 4,748,919</u>	<u>\$ 5,251,320</u>	<u>\$ 6,279,415</u>	<u>\$ 5,247,578</u>	<u>\$ 4,836,501</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>71.65%</u>	<u>67.26%</u>	<u>59.36%</u>	<u>63.30%</u>	<u>63.81%</u>
Covered payroll	<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>
Net pension liability as a percentage of covered payroll	<u>194.37%</u>	<u>206.10%</u>	<u>260.82%</u>	<u>217.97%</u>	<u>206.87%</u>
<b><u>Schedule of Investment Returns</u></b>					
	2018	2017	2016	2015	2014
Annual money weighted rate of return, net investment expense	<u>6.61%</u>	<u>10.50%</u>	<u>(1.11%)</u>	<u>2.67%</u>	<u>9.40%</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**  
**Town Plan**  
**Required Supplementary Information**  
**Last Ten Years**

**Schedule of Contributions**

<u>Fiscal Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 926,377	\$ 1,190,000	\$ 263,623	\$ 7,649,740	15.56%
2017	867,137	1,200,000	332,863	7,775,861	15.43%
2016	2,013,334	2,751,446	738,112	7,607,181	36.17%
2015	2,013,334	3,083,429	1,070,095	7,607,181	40.53%
2014	1,986,076	2,559,953	573,877	7,739,426	33.08%
2013	2,086,345	1,859,681	(226,664)	7,678,530	24.22%
2012	1,918,557	1,736,824	(181,733)	7,711,696	22.52%
2011	2,029,673	1,356,000	(673,673)	7,503,503	18.07%
2010	2,173,082	1,300,000	(873,082)	7,219,991	18.01%
2009	1,901,896	1,300,000	(601,896)	6,925,811	18.77%

## Town of Bethel, Connecticut

## Town Plan

**Notes to Required Supplementary Information  
Schedule of Contributions  
Last Ten Years**

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Remaining amortization period	20 years
Inflation	2.70%
Salary increases	3.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
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.

**Town of Bethel, Connecticut**  
**Police Plan**  
**Required Supplementary Information**  
**Last Ten Years**

**Schedule of Contributions**

<u>Fiscal year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions in Relation to the Actuarially Determined Contribution</u>	<u>Contribution Excess (Deficiency)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
2018	\$ 836,141	\$ 1,025,000	\$ 188,859	\$ 2,443,220	41.95%
2017	753,358	1,021,720	268,362	2,547,952	40.10%
2016	612,450	513,000	(99,450)	2,407,527	21.31%
2015	612,450	472,000	(140,450)	2,407,527	19.61%
2014	593,686	375,000	(218,686)	2,337,955	16.04%
2013	579,931	340,319	(239,612)	2,337,478	14.56%
2012	566,342	385,084	(181,258)	2,357,269	16.34%
2011	621,153	369,028	(252,125)	2,180,272	16.93%
2010	600,090	255,777	(344,313)	2,242,755	11.40%
2009	415,392	235,628	(179,764)	2,116,480	11.13%



## Town of Bethel, Connecticut

## Police Plan

**Notes to Required Supplementary Information  
Schedule of Contributions  
Last Ten Years**

Changes of benefit terms	None
Changes of assumptions	None
Method and assumptions used in calculations of actuarially determined contribution	The actuarially determined contribution rates in the schedule of contributions are calculated as of July 1, 2016, two years prior to the end of the fiscal year in which contributions are reported

The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Actuarial cost method	Entry Age Normal
Asset valuation method	Fair value
Amortization method	Level percent, closed
Remaining amortization period	20 years
Inflation	2.70%
Salary increases	4.00%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation
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.

**Town of Bethel, Connecticut**  
**CT State Teachers' Retirement System**  
**Required Supplementary Information**  
**Last Four Years (3)**

	<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>
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town	<u>74,004,441</u>	<u>78,075,252</u>	<u>59,345,782</u>	<u>54,853,282</u>
Total	<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>
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>
Plan fiduciary net position as a percentage of the total pension liability	<u>55.93%</u>	<u>52.26%</u>	<u>59.50%</u>	<u>61.50%</u>

**Schedule of Contributions**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	(1) \$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contributor	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<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>
Contributions as a percentage of covered payroll	<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 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

## CT State Teachers' Retirement System

Notes to Required Supplementary Information  
Schedule of Contributions  
Last Four Years (1)

Changes of benefit terms	None
Change of assumptions	<b>2016:</b>
	1. Reduce the inflation assumption from 3.00% to 2.75%.
	2. Reduce the real rate of return assumption from 5.50% to 5.25% which, when combined with the inflation assumption change results in a decrease in the investment rate of return assumption from 8.50% to 8.00%.
	3. Reduce the annual rate of wage increase assumption from 0.75% to 0.50%.
	4. Slightly modify the merit portion of the salary scale.
	5. Reduce the payroll growth assumption from 3.75% to 3.25%.
	6. Update mortality tables to projected versions of the RPH-2014 mortality tables.
	7. Increase normal retirement rates for females at most ages and proratable retirement rates for males at most ages. Decrease early retirement rates for both males and females.
	8. Increase rates of withdrawal.
	9. Decrease rates of disability for males.
Actuarial Cost Method	Entry age
Amortization Method	Level percent of salary, closed
Remaining Amortization Period	21.4 years
Asset Valuation Method	4 year smoothed market
Inflation	2.75%
Salary Increases	3.25%-6.50%, average, including inflation
Investment Rate of Return	8.00%, net of pension plan investment expense, including inflation
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

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

## Town of Bethel, Connecticut

## Other Post-Employment Benefit Plan

Required Supplementary Information  
Schedule of Changes in OPEB Liability

For the Year Ended June 30, 2018 (1)

OPEB liability:	
Service cost	\$ 574,246
Interest	517,131
Changes in assumptions	(462,238)
Benefit payments, including refunds of member contributions	<u>(445,845)</u>
Net change in OPEB liability	183,294
OPEB liability - July 1	<u>14,093,690</u>
OPEB liability - June 30 (a) *	<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.

(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

## CT State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information  
June 30, 2018 (3)Schedule of Proportionate Share of the Net OPEB Liability

Town's proportion of the net OPEB liability		0.00%
		<u>0.00%</u>
Town's proportionate share of the net OPEB liability		\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with Town		19,047,909
		<u>19,047,909</u>
Total		<u>\$ 19,047,909</u>
Town's covered payroll	(2)	N/A
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll		0.00%
		<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability		1.79%
		<u>1.79%</u>

Schedule of Contributions

Contractually required contribution	(1)	\$ -
Contributions in relation to the contractually required contribution		-
		<u>-</u>
Contribution deficiency (excess)		\$ -
		<u>-</u>
Town's covered payroll	(2)	N/A
Contributions as a percentage of covered payroll		0.00%
		<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 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

CT State Teachers' Retirement Board Retiree Health Insurance Plan

Required Supplementary Information  
 Notes to Required Supplementary Information  
 Schedule of Contributions  
 June 30, 2018 (1)

Changes of Benefit Terms	None
Changes of Assumptions	<b>2016:</b> The discount rate has been lowered from 4.50% to 4.25% to reflect the decrease in the rate of inflation
	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 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
Actuarial Cost Method	Entry age
Amortization Method	Level percentage, open
Asset Valuation Method	Fair Value
Inflation	2.75%
Healthcare Inflation Rate	Initial 7.25% decreasing to 5.00% (ultimate) by 2022
Salary Increases	3.25% to 6.50%, including inflation
Investment Rate of Return	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

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

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# Supplemental Schedules

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## **General Fund**

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The general fund is the principal fund of the Town and is used to account for all activities of the Town, except those required to be accounted for in another fund. The general fund accounts for the normal recurring activities of the Town (i.e., general government, public safety, public works, health, social services, recreation, education, etc.). These activities are funded principally by property taxes, user fees and grants from other governmental units.



## Town of Bethel, Connecticut

General Fund  
Combining Balance Sheet  
June 30, 2018

	General Fund	Board of Education Contingency	Paramedic Intercept	Transfer Station	Elimination Entries	Total
<u>Assets</u>						
Cash	\$ 13,313,840	\$ -	\$ -	\$ -	\$ -	\$ 13,313,840
Restricted cash	261,284	-	-	-	-	261,284
Investments	20,814,723	-	-	-	-	20,814,723
Receivables:						
Property taxes	797,586	-	-	-	-	797,586
Intergovernmental	365,918	-	-	-	-	365,918
Other	10,066	-	-	-	-	10,066
Due from other funds	1,431,751	576,092	-	-	(576,092)	1,431,751
Advance to other funds	1,078,642	-	-	-	(1,060,777)	17,865
Other	159	-	-	-	-	159
<b>Total assets</b>	<b>\$ 38,073,969</b>	<b>\$ 576,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,636,869)</b>	<b>\$ 37,013,192</b>
<u>Liabilities</u>						
Liabilities:						
Accounts payable	\$ 1,371,413	\$ -	\$ 509	\$ -	\$ -	\$ 1,371,922
Accrued payroll and related liabilities	353,407	-	-	2,763	-	356,170
Due to other funds	13,349,440	-	-	-	(576,092)	12,773,348
Unearned revenue	3,375	-	-	26,600	-	29,975
Advance from other funds	-	-	456,434	604,343	(1,060,777)	-
Performance bonds	210,789	-	-	-	-	210,789
Other liabilities	466,707	-	-	-	-	466,707
<b>Total liabilities</b>	<b>15,755,131</b>	<b>-</b>	<b>456,943</b>	<b>633,706</b>	<b>(1,636,869)</b>	<b>15,208,911</b>
<u>Deferred Inflows of Resources</u>						
Unavailable revenue:						
Property taxes	797,586	-	-	-	-	797,586
Advance property tax collections	1,985,768	-	-	-	-	1,985,768
<b>Total deferred inflows of resources</b>	<b>2,783,354</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,783,354</b>
<u>Fund Balances</u>						
Nonspendable	1,078,642	-	-	-	(1,060,777)	17,865
Committed	-	576,092	-	-	-	576,092
Unassigned	18,456,842	-	(456,943)	(633,706)	1,060,777	18,426,970
<b>Total fund balances</b>	<b>19,535,484</b>	<b>576,092</b>	<b>(456,943)</b>	<b>(633,706)</b>	<b>-</b>	<b>19,020,927</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 38,073,969</b>	<b>\$ 576,092</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,636,869)</b>	<b>\$ 37,013,192</b>

## Town of Bethel, Connecticut

**General Fund**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For The Year Ended June 30, 2018**

	General Fund	Board of Education Contingency	Paramedic Intercept	Transfer Station	Elimination Entries	Total
Revenues:						
Property taxes	\$ 63,962,433	\$ -	\$ -	\$ -	\$ -	\$ 63,962,433
Intergovernmental	17,287,467	-	-	-	-	17,287,467
Charges for services	1,759,855	-	154,996	10,000	-	1,924,851
Use of money and property	515,912	-	-	-	-	515,912
<b>Total revenues</b>	<b>83,525,667</b>	<b>-</b>	<b>154,996</b>	<b>10,000</b>	<b>-</b>	<b>83,690,663</b>
Expenditures:						
Current:						
General government	13,391,421	-	-	-	-	13,391,421
Public safety	5,280,330	-	422,325	-	-	5,702,655
Health and welfare	330,167	-	-	-	-	330,167
Public works	3,611,140	-	-	1,282	-	3,612,422
Library	859,971	-	-	-	-	859,971
Education	53,431,408	-	-	-	-	53,431,408
Debt service	2,849,596	-	-	-	-	2,849,596
<b>Total expenditures</b>	<b>79,754,033</b>	<b>-</b>	<b>422,325</b>	<b>1,282</b>	<b>-</b>	<b>80,177,640</b>
Excess (deficiency) of revenues over expenditures	3,771,634	-	(267,329)	8,718	-	3,513,023
Other financing sources (uses):						
Transfers in	-	-	275,000	-	(275,000)	-
Transfers out	(3,499,923)	-	-	-	275,000	(3,224,923)
<b>Net other financing sources (uses)</b>	<b>(3,499,923)</b>	<b>-</b>	<b>275,000</b>	<b>-</b>	<b>-</b>	<b>(3,224,923)</b>
<b>Net change in fund balances</b>	<b>271,711</b>	<b>-</b>	<b>7,671</b>	<b>8,718</b>	<b>-</b>	<b>288,100</b>
Fund balances - July 1, 2017	19,263,773	576,092	(464,614)	(642,424)	-	18,732,827
<b>Fund balances - June 30, 2018</b>	<b>\$ 19,535,484</b>	<b>\$ 576,092</b>	<b>\$ (456,943)</b>	<b>\$ (633,706)</b>	<b>\$ -</b>	<b>\$ 19,020,927</b>

**Town of Bethel, Connecticut**  
**Report of Tax Collector**  
**For The Year Ended June 30, 2018**

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Grand List Year	Uncollected Taxes July 1, 2017	Current Year Levy	Lawful Corrections		Transfers To Suspende	Adjusted Amount Collectible	Collections			Uncollected Taxes June 30, 2018
			Additions	Deductions			Net Taxes Collected	Interest Liens & Other Fees	Total	
2001	\$ 2,409	\$ -	\$ -	\$ 2,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2002	1,214	-	-	67	-	1,147	-	207	207	1,147
2003	1,190	-	-	-	-	1,190	-	-	-	1,190
2004	1,254	-	-	-	-	1,254	-	-	-	1,254
2005	1,517	-	-	-	-	1,517	-	-	-	1,517
2006	1,709	-	-	-	-	1,709	-	-	-	1,709
2007	1,767	-	-	-	-	1,767	-	-	-	1,767
2008	1,796	-	-	-	-	1,796	-	-	-	1,796
2009	2,303	-	-	-	-	2,303	417	138	555	1,886
2010	2,976	-	-	-	-	2,976	1,023	1,075	2,098	1,953
2011	3,915	-	-	-	-	3,915	1,856	951	2,807	2,059
2012	6,045	-	-	-	242	5,803	3,386	2,210	5,596	2,417
2013	22,509	-	-	-	-	22,509	11,866	12,719	24,585	10,643
2014	138,212	-	27,295	1,127	51,904	112,476	89,390	33,245	122,635	23,086
2015	<u>604,838</u>	<u>-</u>	<u>24,596</u>	<u>20,167</u>	<u>51,265</u>	<u>558,002</u>	<u>411,108</u>	<u>82,546</u>	<u>493,654</u>	<u>146,894</u>
Total Prior Years	793,654	-	51,891	23,770	103,411	718,364	519,046	133,091	652,137	199,318
2016	<u>-</u>	<u>64,041,935</u>	<u>107,252</u>	<u>352,977</u>	<u>48,942</u>	<u>63,747,268</u>	<u>63,149,000</u>	<u>161,098</u>	<u>63,310,098</u>	<u>598,268</u>
Total All Years	<u>\$ 793,654</u>	<u>\$ 64,041,935</u>	<u>\$ 159,143</u>	<u>\$ 376,747</u>	<u>\$ 152,353</u>	<u>\$ 64,465,632</u>	<u>\$ 63,668,046</u>	<u>\$ 294,189</u>	<u>\$ 63,962,235</u>	<u>\$ 797,586</u>

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# Other Governmental Funds

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## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

### Bennett Property

This fund is used to account for the activities associated with the care and maintenance of the Bennett Park Property.

### Small Cities Program

This fund is used to account for the activities associated with the Community Development Block Grant Program.

### Health Department Grants

This fund is used to account for the activities associated with the State of Connecticut, Department of Health Grants administered by the Bethel Health Department.

### Public Safety Grants

This fund is used to account for the activities associated with the Drug Awareness Program, Drug Enforcement Program and the Police Equipment Grant.

### Education Grants

This fund is used to account for the activities of various State and Federal educational related grant programs, primarily those grants received from the State of Connecticut, Department of Education.

### School Lunch Program

This fund is used to account for the activities associated with the operations of the School Lunch Program.

### Library

This fund is used to account for the non-tax funded activities of the Bethel Public Library.

### Railroad Station

This fund is used to account for the activities associated with the operation and maintenance of the State railroad station. Fifty percent of the monies are due to the State.

**Special Revenue Funds (continued)**

Railroad Station Renovation

This fund is used to account for the activities associated with the renovation and maintenance of the State railroad station.

General Government

This fund is used to account for the activities of various State grant programs and management of Town Clerk fees and related expenses.

**Debt Service Fund**

This fund is used to account for the accumulation of resources for, and the payment of, long-term debt, principal, interest and related costs.

Town of Bethel, Connecticut

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2018

Special Revenue Funds

	Bennett Property	Small Cities Program	Health Department Grants	Public Safety Grants	Education Grants	School Lunch Program	Library
<u>Assets</u>							
Cash	\$ -	\$ 27,142	\$ -	\$ -	\$ -	\$ 94,099	\$ 56,468
Receivables:							
Intergovernmental	-	-	-	-	565	97,220	-
Loan	-	378,922	-	-	-	-	-
Due from other funds	-	60,834	38,988	78,609	1,075,649	-	-
Other	-	-	-	-	-	16,469	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 466,898</b>	<b>\$ 38,988</b>	<b>\$ 78,609</b>	<b>\$ 1,076,214</b>	<b>\$ 207,788</b>	<b>\$ 56,468</b>
<u>Liabilities</u>							
Accounts payable	\$ 1,318	\$ -	\$ -	\$ -	\$ -	\$ 94,631	\$ -
Due to other funds	-	-	-	-	-	2,989	-
Advance from other funds	17,865	-	-	-	-	-	-
<b>Total liabilities</b>	<b>19,183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,620</b>	<b>-</b>
<u>Fund Balances</u>							
Nonspendable	-	378,922	-	-	-	-	-
Restricted	-	87,976	38,988	78,609	-	110,168	-
Committed	-	-	-	-	1,076,214	-	56,468
Unassigned	(19,183)	-	-	-	-	-	-
<b>Total fund balances</b>	<b>(19,183)</b>	<b>466,898</b>	<b>38,988</b>	<b>78,609</b>	<b>1,076,214</b>	<b>110,168</b>	<b>56,468</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ -</b>	<b>\$ 466,898</b>	<b>\$ 38,988</b>	<b>\$ 78,609</b>	<b>\$ 1,076,214</b>	<b>\$ 207,788</b>	<b>\$ 56,468</b>

Town of Bethel, Connecticut

Combining Balance Sheet  
Other Governmental Funds  
June 30, 2018

Special Revenue Funds

	<u>Railroad Station</u>	<u>Railroad Station Renovation</u>	<u>General Government</u>	<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
<u>Assets</u>						
Cash	\$ 271,297	\$ 24,156	\$ 79,465	\$ 552,627	\$ 4,603	\$ 557,230
Receivables:						
Intergovernmental	-	-	-	97,785	-	97,785
Loan	-	-	-	378,922	-	378,922
Due from other funds	14,221	13,507	18,710	1,300,518	1,973,892	3,274,410
Other	-	-	-	16,469	-	16,469
<b>Total assets</b>	<b>\$ 285,518</b>	<b>\$ 37,663</b>	<b>\$ 98,175</b>	<b>\$ 2,346,321</b>	<b>\$ 1,978,495</b>	<b>\$ 4,324,816</b>
<u>Liabilities</u>						
Accounts payable	\$ 1,084	\$ -	\$ -	\$ 97,033	\$ -	\$ 97,033
Due to other funds	-	-	-	2,989	59,898	62,887
Advance from other funds	-	-	-	17,865	-	17,865
<b>Total liabilities</b>	<b>1,084</b>	<b>-</b>	<b>-</b>	<b>117,887</b>	<b>59,898</b>	<b>177,785</b>
<u>Fund Balances</u>						
Nonspendable	-	-	-	378,922	-	378,922
Restricted	284,434	-	34,300	634,475	-	634,475
Committed	-	37,663	63,875	1,234,220	-	1,234,220
Assigned	-	-	-	-	1,918,597	1,918,597
Unassigned	-	-	-	(19,183)	-	(19,183)
<b>Total fund balances</b>	<b>284,434</b>	<b>37,663</b>	<b>98,175</b>	<b>2,228,434</b>	<b>1,918,597</b>	<b>4,147,031</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 285,518</b>	<b>\$ 37,663</b>	<b>\$ 98,175</b>	<b>\$ 2,346,321</b>	<b>\$ 1,978,495</b>	<b>\$ 4,324,816</b>

(Concluded)

Town of Bethel, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Governmental Funds  
For The Year Ended June 30, 2018

Special Revenue Funds

	Bennett Property	Small Cities Program	Health Department Grants	Public Safety Grants	Education Grants	School Lunch Program	Library
Revenues:							
Intergovernmental	\$ -	\$ 507,710	\$ 13,547	\$ 53,873	\$ 1,722,433	\$ 542,667	\$ 2,437
Charges for services	14,825	-	15,938	116,764	518,026	838,844	51
Use of money and property	-	-	-	-	-	-	11
Contributions	-	-	-	-	85	-	16,113
Total revenues	<u>14,825</u>	<u>507,710</u>	<u>29,485</u>	<u>170,637</u>	<u>2,240,544</u>	<u>1,381,511</u>	<u>18,612</u>
Expenditures:							
Current:							
General government	2,923	522,125	-	-	-	-	-
Public safety	-	-	-	132,318	-	-	-
Health and welfare	-	-	29,445	-	-	-	-
Library	-	-	-	-	-	-	11,560
Education	-	-	-	-	2,085,626	1,367,311	-
Total expenditures	<u>2,923</u>	<u>522,125</u>	<u>29,445</u>	<u>132,318</u>	<u>2,085,626</u>	<u>1,367,311</u>	<u>11,560</u>
Net change in fund balances	11,902	(14,415)	40	38,319	154,918	14,200	7,052
Fund balances, July 1, 2017 (as restated)	<u>(31,085)</u>	<u>481,313</u>	<u>38,948</u>	<u>40,290</u>	<u>921,296</u>	<u>95,968</u>	<u>49,416</u>
Fund balances, June 30, 2018	<u>\$ (19,183)</u>	<u>\$ 466,898</u>	<u>\$ 38,988</u>	<u>\$ 78,609</u>	<u>\$ 1,076,214</u>	<u>\$ 110,168</u>	<u>\$ 56,468</u>

(Continued)



Town of Bethel, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Governmental Funds  
For The Year Ended June 30, 2018

Special Revenue Funds

	Railroad Station	Railroad Station Renovation	General Government	Total Special Revenue Funds	Debt Service Fund	Total
Revenues:						
Intergovernmental	\$ -	\$ -	\$ 4,000	\$ 2,846,667	\$ 847,362	\$ 3,694,029
Charges for services	70,621	23,535	14,653	1,613,257	-	1,613,257
Use of money and property	-	-	-	11	53	64
Contributions	-	-	-	16,198	-	16,198
Total revenues	<u>70,621</u>	<u>23,535</u>	<u>18,653</u>	<u>4,476,133</u>	<u>847,415</u>	<u>5,323,548</u>
Expenditures:						
Current:						
General government	116,398	9,750	23,960	675,156	-	675,156
Public safety	-	-	-	132,318	-	132,318
Health and welfare	-	-	-	29,445	-	29,445
Library	-	-	-	11,560	-	11,560
Education	-	-	-	3,452,937	-	3,452,937
Total expenditures	<u>116,398</u>	<u>9,750</u>	<u>23,960</u>	<u>4,301,416</u>	<u>-</u>	<u>4,301,416</u>
Net change in fund balances	(45,777)	13,785	(5,307)	174,717	847,415	1,022,132
Fund balances, July 1, 2017 (as restated)	<u>330,211</u>	<u>23,878</u>	<u>103,482</u>	<u>2,053,717</u>	<u>1,071,182</u>	<u>3,124,899</u>
Fund balances, June 30, 2018	<u>\$ 284,434</u>	<u>\$ 37,663</u>	<u>\$ 98,175</u>	<u>\$ 2,228,434</u>	<u>\$ 1,918,597</u>	<u>\$ 4,147,031</u>

(Concluded)

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## **Internal Service Funds**

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Internal Service funds are used to account for the providing of goods or services provided by one department to other departments of the Town on a cost reimbursement basis or accounting for risk retention as allowed by GASB Statement No. 10.

### **Town Retiree Medical**

To account for medical and other benefits for Town retirees.

### **Board of Education Medical Self-Insurance**

To account for self-insured pharmacy claims of the Board of Education.

### **Board of Education Retiree Medical**

To account for medical and other benefits for Board of Education retirees.

**Town of Bethel, Connecticut**  
**Internal Service Funds**  
**Combining Statement of Fund Net Position**  
**June 30, 2018**

	<u>Town</u>	<u>Board of Education</u>		<u>Total</u>
	<u>Retiree Medical</u>	<u>Medical Self- Insurance</u>	<u>Retiree Medical</u>	
<u>Assets</u>				
Cash	\$ -	\$ 781,956	\$ -	\$ 781,956
Investments	648,534	-	715,324	1,363,858
Total assets	<u>648,534</u>	<u>781,956</u>	<u>715,324</u>	<u>2,145,814</u>
<u>Liability</u>				
Current liability:				
Accounts payable	-	5,833	-	5,833
Due to other funds	-	21,485	-	21,485
Total liabilities	<u>-</u>	<u>27,318</u>	<u>-</u>	<u>27,318</u>
<u>Net Position</u>				
Unrestricted	<u>\$ 648,534</u>	<u>\$ 754,638</u>	<u>\$ 715,324</u>	<u>\$ 2,118,496</u>

**Town of Bethel, Connecticut**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For The Year Ended June 30, 2018**

	<u>Town</u>	<u>Board of Education</u>		<u>Total</u>
	<u>Retiree Medical</u>	<u>Medical Self- Insurance</u>	<u>Retiree Medical</u>	
Operating revenues:				
Charges for services	\$ 133,379	\$ 9,013	\$ -	\$ 142,392
Operating expenses:				
Claims incurred	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>70,000</u>
Operating income (loss)	133,379	(60,987)	-	72,392
Nonoperating revenues:				
Investment income	<u>5,072</u>	<u>-</u>	<u>7,485</u>	<u>12,557</u>
Change in net position	138,451	(60,987)	7,485	84,949
Net position - July 1, 2017	<u>510,083</u>	<u>815,625</u>	<u>707,839</u>	<u>2,033,547</u>
Net position - June 30, 2018	<u>\$ 648,534</u>	<u>\$ 754,638</u>	<u>\$ 715,324</u>	<u>\$ 2,118,496</u>

**Town of Bethel, Connecticut**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For The Year Ended June 30, 2018**

	Town	Board of Education		Total
	Retiree Medical	Medical Self- Insurance	Retiree Medical	
Cash flows from operating activities:				
Receipts from charges for services	\$ 133,379	\$ 9,013	\$ -	\$ 142,392
Receipts (payments) on interfund balances	-	64,167	-	64,167
Claims paid	-	(64,167)	-	(64,167)
Net cash provided by (used in) operating activities	133,379	9,013	-	142,392
Cash flows from investing activities:				
Investment income	5,072	-	7,485	12,557
Net increase (decrease) in cash	138,451	9,013	7,485	154,949
Cash - July 1, 2017	510,083	772,943	707,839	1,990,865
Cash - June 30, 2018	<u>\$ 648,534</u>	<u>\$ 781,956</u>	<u>\$ 715,324</u>	<u>\$ 2,145,814</u>
Reconciliation to statement of net position cash:				
Cash per above	\$ 648,534	\$ 781,956	\$ 715,324	\$ 2,145,814
Cash reported as investments	(648,534)	-	(715,324)	(1,363,858)
Statement of net position cash	<u>\$ -</u>	<u>\$ 781,956</u>	<u>\$ -</u>	<u>\$ 781,956</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 133,379	\$ (60,987)	\$ -	\$ 72,392
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Increase (decrease) in:				
Due to/from	-	64,167	-	64,167
Accounts payable	-	5,833	-	5,833
Net cash provided by (used in) operating activities	<u>\$ 133,379</u>	<u>\$ 9,013</u>	<u>\$ -</u>	<u>\$ 142,392</u>

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# Fiduciary Funds

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Fiduciary funds are used to account for assets held by the Town in a trustee capacity for individuals, private organizations, other governments, and/or other funds. These include private-purpose trust, pension trust and custodial funds.

## **Pension Trust Funds**

### Town Employee Pension Fund

To account for contributions made by the Town and its employees for pension benefits for all non-certified and non-police personnel.

### Police Pension Fund

To account for contributions made by the Town and its employees for pension benefits for all uniformed members of the Police Department.

## **Private-Purpose Trust Funds**

### Hennessey Scholarship Fund

To account for the initial restricted contribution and investment earnings, which are used to provide scholarships to eligible students as determined by the Board of Education.

### Menegay Scholarship Fund

To account for the initial restricted contribution and partially restricted investment earnings, which are used to provide scholarships to eligible students as determined by the Board of Education.

### Education Scholarships Funds

To account for the activities associated with the DeSantis, Shaker and Henry Williams scholarship funds administered by the Board of Education.

## **Custodial Funds**

### Student Activities

To account for various activities as defined by State Statutes undertaken by students of the public school system.

**Town of Bethel, Connecticut**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

		Private-Purpose Trust Funds			
		Hennessey Scholarship Fund	Menegay Scholarship Fund	Education Scholarships Fund	Total
<u>Assets</u>					
Cash	\$	-	\$ 11,454	\$ 35,749	\$ 47,203
Investments:					
Mutual funds:					
Equity		93,256	-	5,216	98,472
Bond		30,470	-	8,500	38,970
Bank money market accounts		4,421	-	144	4,565
U.S. government agency securities		-	153,317	-	153,317
Total investments		128,147	153,317	13,860	295,324
Total assets		128,147	164,771	49,609	342,527
<u>Net Position</u>					
Restricted for individuals	\$	128,147	\$ 164,771	\$ 49,609	\$ 342,527

**Town of Bethel, Connecticut**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For The Year Ended June 30, 2018**

	Private-Purpose Trust Funds			Total
	Hennessey Scholarship Fund	Menegay Scholarship Fund	Education Scholarships Fund	
Additions:				
Private contributions	\$ 1,200	\$ -	\$ 40,803	\$ 42,003
Investment income (loss):				
Change in fair value of investments	(543)	(9,673)	59	(10,157)
Interest and dividends	6,497	7,433	966	14,896
Total investment income (loss)	5,954	(2,240)	1,025	4,739
Total additions	7,154	(2,240)	41,828	46,742
Deductions:				
Administration	-	150	-	150
Scholarships awarded	8,000	6,600	35,075	49,675
Total deductions	8,000	6,750	35,075	49,825
Changes in net position	(846)	(8,990)	6,753	(3,083)
Net position - July 1, 2017	128,993	173,761	42,856	345,610
Net position - June 30, 2018	\$ 128,147	\$ 164,771	\$ 49,609	\$ 342,527



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# Statistical Section

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This part of the Town's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Town's overall financial health.

## Contents

### Financial Trends (Tables 1 - 4)

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

### Revenue Capacity (Tables 5 - 7)

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

### Debt Capacity (Tables 8 - 11)

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

### Demographic and Economic Information (Tables 12 - 13)

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

### Operating Information (Tables 14 - 16)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## Town of Bethel, Connecticut

Net Position by Component  
Last Ten Years  
(Unaudited)

	Fiscal Year Ended									
	2018	2017 (as restated)	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 85,555,251	\$ 79,047,618	\$ 72,509,424	\$ 74,635,328	\$ 73,628,002	\$ 71,324,881	\$ 66,099,503	\$ 62,587,262	\$ 62,262,355	\$ 59,884,103
Restricted	634,475	622,028	478,567	404,866	393,982	425,634	508,577	436,201	317,082	318,189
Unrestricted	(721,626)	10,811	10,068,029	4,400,496	2,537,615	6,091,879	6,395,674	7,403,714	8,134,261	7,173,920
Total governmental activities net position	85,468,100	79,680,457	83,056,020	79,440,690	76,559,599	77,842,394	73,003,754	70,427,177	70,713,698	67,376,212
Business-type activities:										
Net investment in capital assets	21,857,002	20,373,369	20,281,852	16,639,524	15,324,184	14,447,322	12,734,877	11,234,208	9,572,027	8,535,419
Unrestricted	15,095,749	15,644,834	15,058,972	15,447,041	15,184,997	14,967,847	10,015,518	2,050,856	4,109,872	5,725,240
Total business-type activities net position	36,952,751	36,018,203	35,340,824	32,086,565	30,509,181	29,415,169	22,750,395	13,285,064	13,681,899	14,260,659
Net position:										
Net investment in capital assets	107,412,253	99,420,987	92,791,276	91,274,852	88,952,186	85,772,203	78,834,380	73,821,470	71,834,382	68,419,522
Restricted	634,475	622,028	478,567	404,866	393,982	425,634	508,577	436,201	317,082	318,189
Unrestricted	14,374,123	15,655,645	25,127,001	19,847,537	17,722,612	21,059,726	16,411,192	9,454,570	12,244,133	12,899,160
Total net position	<u>\$ 122,420,851</u>	<u>\$ 115,698,660</u>	<u>\$ 118,396,844</u>	<u>\$ 111,527,255</u>	<u>\$ 107,068,780</u>	<u>\$ 107,257,563</u>	<u>\$ 95,754,149</u>	<u>\$ 83,712,241</u>	<u>\$ 84,395,597</u>	<u>\$ 81,636,871</u>

Town of Bethel, Connecticut

Changes in Net Position  
Last Ten Years  
(Unaudited)

Fiscal Year Ended

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses:										
Governmental activities:										
General government	\$ 8,611,311	\$ 7,620,667	\$ 7,691,037	\$ 7,986,644	\$ 8,030,307	\$ 8,206,808	\$ 6,954,640	\$ 7,276,413	\$ 6,668,996	\$ 7,680,008
Public safety	8,880,407	9,299,858	8,942,567	8,758,737	8,192,682	7,515,646	6,822,131	7,247,900	6,983,966	6,533,552
Health and welfare	425,227	539,269	483,017	408,993	599,314	690,970	719,383	741,410	454,253	517,223
Public works	4,867,475	5,573,885	4,805,524	4,571,265	4,190,669	4,072,475	3,723,561	4,176,188	3,293,443	4,103,553
Library	1,381,685	1,477,351	1,445,174	1,346,956	1,368,922	1,291,990	1,051,518	1,230,386	1,381,052	1,186,394
Education	59,549,180	59,806,837	54,290,823	51,970,143	51,818,389	49,034,840	47,049,269	46,861,635	46,830,139	45,093,618
Interest expense	927,623	943,858	634,493	806,749	698,909	1,052,143	3,764,865	3,472,100	460,098	1,216,231
Total governmental activities expenses	84,642,908	85,261,725	78,292,635	75,849,487	74,899,192	71,864,872	70,085,367	71,006,032	66,071,947	66,330,579
Business-type activities:										
Water department	1,519,692	1,977,289	1,362,593	1,111,738	1,174,911	1,113,577	1,080,087	1,088,386	1,151,148	1,017,085
Sewer department	3,048,375	2,729,165	2,985,653	2,526,409	2,521,039	2,484,203	2,178,454	2,918,863	2,898,833	1,920,281
Transfer station	-	-	-	-	-	-	257,925	305,901	329,680	304,203
Total business-type activities expenses	4,568,067	4,706,454	4,348,246	3,638,147	3,695,950	3,597,780	3,516,466	4,313,150	4,379,661	3,241,569
Total expenses	89,210,975	89,968,179	82,640,881	79,487,634	78,595,142	75,462,652	73,601,833	75,319,182	70,451,608	69,572,148
Program revenues:										
Governmental activities:										
Charges for services:										
General government	1,522,187	1,961,767	1,309,875	1,122,490	1,489,381	1,221,708	977,612	1,109,532	1,350,782	825,472
Public safety	264,020	268,497	232,101	323,751	296,918	310,417	388,236	341,581	339,020	55,064
Health and welfare	30,763	50,565	52,071	8,686	33,475	26,552	-	-	-	-
Public works	114,538	156,326	184,563	201,333	92,514	94,660	84,433	83,735	80,371	78,266
Library	8,944	8,817	27,441	12,161	13,205	10,935	104,279	17,005	18,601	18,914
Education	1,213,519	1,277,529	1,266,791	1,230,520	1,225,576	1,179,885	1,166,319	1,018,060	723,140	1,045,203
Operating grants and contributions	20,464,825	19,504,600	16,042,794	15,195,753	16,581,808	14,975,434	15,556,835	14,672,705	14,593,517	15,215,831
Capital grants and contributions	1,848,471	1,697,852	1,062,045	269,407	1,957,278	2,501,838	453,076	1,424,570	2,060,657	4,415,067
Total governmental activities program revenues	25,467,267	24,925,953	20,177,681	18,364,101	21,690,155	20,321,429	18,730,790	18,667,188	19,166,088	21,653,817

(Continued)

Town of Bethel, Connecticut

Changes in Net Position  
Last Ten Years  
(Unaudited)

Fiscal Year Ended

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities:										
Charges for services:										
Water department	\$ 2,066,714	\$ 2,101,777	\$ 1,993,806	\$ 1,964,337	\$ 1,768,675	\$ 1,424,287	\$ 1,132,078	\$ 1,067,147	\$ 831,091	\$ 878,936
Sewer department	3,189,405	3,314,730	5,144,808	3,144,486	3,325,501	8,071,645	11,293,146	2,593,550	2,379,195	7,290,414
Transfer station	-	-	-	-	-	-	203,820	248,237	219,894	222,511
Capital grants and contributions	223,294	320,775	463,891	106,069	-	-	350,000	-	225,000	-
Total business-type activities program revenues	5,479,413	5,737,282	7,602,505	5,214,892	5,094,176	9,495,932	12,979,044	3,908,934	3,655,180	8,391,861
Total program revenues	30,946,680	30,663,235	27,780,186	23,578,993	26,784,331	29,817,361	31,709,834	22,576,122	22,821,268	30,045,678
Net (expense) revenue:										
Governmental activities	(59,175,641)	(60,335,772)	(58,114,954)	(57,485,386)	(53,209,037)	(51,543,443)	(51,354,577)	(52,338,844)	(46,905,859)	(44,676,762)
Business-type activities	911,346	1,030,828	3,254,259	1,576,745	1,398,226	5,898,152	9,462,578	(404,216)	(724,481)	5,150,292
Total net (expense) revenue	(58,264,295)	(59,304,944)	(54,860,695)	(55,908,641)	(51,810,811)	(45,645,291)	(41,891,999)	(52,743,060)	(47,630,340)	(39,526,470)
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	63,965,879	61,698,354	61,363,537	59,965,158	58,773,150	56,416,340	54,167,028	51,494,235	49,449,036	48,919,291
Grants and contributions not restricted to specific programs	478,996	861,179	198,285	260,452	469,015	600,290	471,408	502,696	521,325	537,292
Use of money and property	518,409	198,622	151,686	96,513	75,242	34,199	97,574	50,058	217,919	311,866
Other	-	29,269	16,776	44,354	132,737	96,543	59,284	5,334	55,065	49,916
Total governmental activities	64,963,284	62,787,424	61,730,284	60,366,477	59,450,144	57,147,372	54,795,294	52,052,323	50,243,345	49,818,365
Business-type activities:										
Investment income	23,202	2,311	-	639	783	1,333	2,753	7,381	145,721	185,556
Total general revenues	64,986,486	62,789,735	61,730,284	60,367,116	59,450,927	57,148,705	54,798,047	52,059,704	50,389,066	50,003,921
Change in net position:										
Governmental activities	5,787,643	2,451,652	3,615,330	2,881,091	6,241,107	5,603,929	3,440,717	(286,521)	3,337,486	5,141,603
Business-type activities	934,548	1,033,139	3,254,259	1,577,384	1,399,009	5,899,485	9,465,331	(396,835)	(578,760)	5,335,848
Total change in net position	\$ 6,722,191	\$ 3,484,791	\$ 6,869,589	\$ 4,458,475	\$ 7,640,116	\$ 11,503,414	\$ 12,906,048	\$ (683,356)	\$ 2,758,726	\$10,477,451

Note: Transfer station fund was reclassified to a special revenue fund in 2013.

(Concluded)

**Town of Bethel, Connecticut**  
**Fund Balances - Governmental Funds**  
**Last Ten Years**  
**(Modified Accrual Basis Accounting)**  
**(Unaudited)**

Fiscal Year Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund:										
Nonspendable	\$ 17,865	\$ 30,185	\$ 633,029	\$ 34,792	\$ 132,117	\$ 120,887	\$ 61,987	\$ 61,987	\$ 61,987	\$ 61,987
Committed	576,092	576,092	380,807	264,119	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	22,987	521,093	775,918
Unassigned	18,426,970	18,126,550	16,549,611	15,284,996	13,590,892	10,899,766	9,155,611	6,948,439	6,444,053	6,152,022
Total general fund	19,020,927	18,732,827	17,563,447	15,583,907	13,723,009	11,020,653	9,217,598	7,033,413	7,027,133	6,989,927
All other governmental funds:										
Nonspendable	378,922	-	-	-	-	-	-	-	-	-
Restricted	634,475	622,028	478,567	404,866	393,982	425,634	439,259	436,201	317,082	318,189
Committed	3,443,079	2,400,393	2,316,134	2,395,090	2,466,261	1,569,461	2,415,753	2,248,642	2,506,295	1,430,166
Assigned	1,918,597	1,071,182	1,071,156	1,071,085	1,026,441	873,764	358,565	330,073	331,161	328,253
Unassigned	(19,183)	(8,755,346)	(6,883,927)	(9,186,824)	(7,189,907)	(6,072,328)	(3,762,486)	(790,310)	(766,063)	(1,374,202)
Total all other governmental funds	6,355,890	(4,661,743)	(3,018,070)	(5,315,783)	(3,303,223)	(3,203,469)	(548,909)	2,224,606	2,388,475	702,406
Grand total	\$ 25,376,817	\$ 14,071,084	\$ 14,545,377	\$ 10,268,124	\$ 10,419,786	\$ 7,817,184	\$ 8,668,689	\$ 9,258,019	\$ 9,415,608	\$ 7,692,333

## Town of Bethel, Connecticut

**Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)**

Fiscal Year Ended June 30

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues:</b>										
Property taxes	\$ 63,962,433	\$ 61,948,866	\$ 61,102,747	\$ 59,900,954	\$ 58,682,339	\$ 56,319,319	\$ 54,167,031	\$ 51,376,303	\$ 49,385,189	\$ 48,953,127
Intergovernmental	22,776,094	22,084,713	17,180,975	15,692,418	18,914,485	17,231,132	16,296,243	16,032,476	16,200,448	20,053,407
Charges for services	3,547,308	3,257,921	3,072,842	2,898,941	3,151,069	2,844,157	2,720,879	2,578,347	2,512,160	2,023,233
Use of money and property	518,409	198,622	151,686	96,513	75,242	34,199	97,574	50,058	217,919	311,866
Contributions	16,198	51,161	122,149	29,284	93,616	851,330	185,076	991,811	1,412,980	565,986
Other	-	29,269	16,776	44,354	132,737	96,543	59,284	5,334	55,065	49,916
<b>Total revenues</b>	<b>90,820,442</b>	<b>87,570,552</b>	<b>81,647,175</b>	<b>78,662,464</b>	<b>81,049,488</b>	<b>77,376,680</b>	<b>73,526,087</b>	<b>71,034,329</b>	<b>69,783,761</b>	<b>71,957,535</b>
<b>Expenditures:</b>										
Current:										
General government	14,066,577	13,486,477	13,262,913	13,503,990	12,869,300	12,565,034	11,715,550	11,500,135	10,444,489	11,560,072
Public safety	5,834,973	5,507,939	4,915,004	5,231,779	4,997,470	4,807,376	4,671,761	4,770,599	4,513,981	4,005,255
Health and welfare	359,612	352,733	328,112	340,181	492,990	529,725	589,847	612,197	295,336	387,124
Public works	3,612,422	3,389,038	3,081,271	3,365,551	3,253,452	3,158,904	2,687,277	2,899,695	2,968,461	2,849,994
Library	871,531	860,839	873,454	850,042	863,823	749,390	750,365	799,036	911,899	750,271
Education	56,884,345	55,698,692	51,484,892	49,712,316	49,733,316	47,327,959	45,753,923	44,500,691	44,268,094	43,057,343
Debt service	2,849,596	2,887,040	2,968,586	2,675,464	3,373,128	3,660,464	3,810,542	3,647,722	4,058,700	4,042,927
Capital outlay	15,647,313	5,905,041	5,036,493	3,556,945	4,038,122	4,776,533	4,030,050	2,741,843	1,169,528	6,722,046
<b>Total expenditures</b>	<b>100,126,369</b>	<b>88,087,799</b>	<b>81,950,725</b>	<b>79,236,268</b>	<b>79,621,601</b>	<b>77,575,385</b>	<b>74,009,315</b>	<b>71,471,918</b>	<b>68,630,488</b>	<b>73,375,032</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(9,305,927)</b>	<b>(517,247)</b>	<b>(303,550)</b>	<b>(573,804)</b>	<b>1,427,887</b>	<b>(198,705)</b>	<b>(483,228)</b>	<b>(437,589)</b>	<b>1,153,273</b>	<b>(1,417,497)</b>
<b>Other financing sources (uses):</b>										
Issuance of debt and refunding debt	20,000,000	-	-	18,405,000	1,630,000	-	-	-	8,425,000	22,760,000
Payment to refunded bond escrow agent	-	-	-	(20,220,033)	(1,633,247)	-	-	-	(9,343,492)	-
Bond/BAN premium	218,323	16,874	190,332	1,668,779	192,395	48,627	45,677	-	1,045,057	-
Capital lease	-	-	4,363,271	568,396	977,567	23,237	-	280,000	443,437	-
Sale of capital assets	-	26,080	27,200	-	8,000	-	-	-	-	-
Transfers in	3,224,923	1,200,000	1,680,000	1,174,866	890,529	1,129,946	402,000	488,000	595,166	1,646,500
Transfers out	(3,224,923)	(1,200,000)	(1,680,000)	(1,174,866)	(890,529)	(1,129,946)	(553,779)	(488,000)	(595,166)	(1,646,500)
<b>Net other financing sources (uses)</b>	<b>20,218,323</b>	<b>42,954</b>	<b>4,580,803</b>	<b>422,142</b>	<b>1,174,715</b>	<b>71,864</b>	<b>(106,102)</b>	<b>280,000</b>	<b>570,002</b>	<b>22,760,000</b>
<b>Net change in fund balances</b>	<b>\$ 10,912,396</b>	<b>\$ (474,293)</b>	<b>\$ 4,277,253</b>	<b>\$ (151,662)</b>	<b>\$ 2,602,602</b>	<b>\$ (126,841)</b>	<b>\$ (589,330)</b>	<b>\$ (157,589)</b>	<b>\$ 1,723,275</b>	<b>\$ 21,342,503</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.43%</b>	<b>3.53%</b>	<b>3.89%</b>	<b>3.57%</b>	<b>4.56%</b>	<b>5.15%</b>	<b>5.15%</b>	<b>5.31%</b>	<b>6.10%</b>	<b>6.06%</b>

**Town of Bethel, Connecticut**  
**Property Tax Rates, Levies and Cash Collections**  
**Last Ten Years**  
**(Unaudited)**

<u>Year Ended June 30</u>	<u>(1) Mill Rate</u>	<u>Total Adjusted Tax Levy</u>	<u>Net Current Levy Tax Collections</u>	<u>Percentage Of Current Taxes Collected</u>	<u>Collections In Subsequent Years</u>	<u>Total Collections</u>	<u>Percent Of Levy Collected</u>	<u>Current Delinquent Balance</u>
2009	21.28	\$ 48,529,233	\$ 47,822,441	98.55%	\$ 705,025	\$ 48,527,466	100.00%	\$ 1,767
2010	21.64	49,090,160	48,405,405	98.62%	682,959	49,088,364	100.00%	1,796
2011	22.44	50,571,935	49,883,970	98.65%	686,079	50,570,049	100.00%	1,886
2012	23.24	52,657,934	52,046,713	98.85%	609,268	52,655,981	100.00%	1,953
2013	24.07	56,056,266	55,353,730	98.75%	700,477	56,054,207	100.00%	2,059
2014	31.50	58,116,179	57,446,514	98.85%	667,248	58,113,762	100.00%	2,417
2015	32.11	59,743,962	58,971,929	98.71%	761,390	59,733,319	99.98%	10,643
2016	32.18	60,745,636	60,045,483	98.85%	677,067	60,722,550	98.85%	23,086
2017	32.17	61,545,662	60,940,824	99.02%	457,944	61,398,768	99.02%	146,894
2018	32.88	63,747,268	63,149,000	99.06%	-	63,149,000	99.06%	598,268

Source: Town audit reports.

(1) This represents the Town's mill rate per \$1,000 of taxable property. There are no overlapping tax rates.

**Town of Bethel, Connecticut**  
**Assessed and Estimated Actual Value of Taxable Property**  
**Last Ten Years**  
**(Unaudited)**

Year Ended June 30	Real Estate		Personal Property			Totals				
	(1) (4) Assessed Value	(2) Estimated Actual Value	(1) Net Motor Vehicle Assessed Value	(1) Net Personal Property Assessed Value	Net Total Motor Vehicle and Personal Property Assessed Value	(3) Total Motor Vehicle and Personal Property Estimated Actual Value	(1) Total Assessed Value	Total Estimated Actual Value	(2) Percentage Of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2009	\$ 2,021,769,589	\$ 2,888,242,270	\$ 132,950,190	\$ 137,535,300	\$ 270,485,490	\$ 386,407,842	\$ 2,292,255,079	\$ 3,274,650,112	70.00%	21.28
2010	2,035,958,530	2,577,162,696	124,381,260	126,476,510	250,857,770	358,368,243	2,286,816,300	2,935,530,939	77.90%	21.64
2011	2,044,712,610	2,422,358,263	124,146,070	126,880,120	251,026,190	358,608,843	2,295,738,800	2,780,967,106	82.55%	22.44
2012	2,059,590,730	2,379,654,223	127,796,390	125,332,230	253,128,620	361,612,314	2,312,719,350	2,741,266,537	84.37%	23.24
2013	2,073,201,900	2,259,620,599	136,341,490	130,963,400	267,304,890	381,864,129	2,340,506,790	2,641,484,728	88.61%	24.07
2014	1,685,442,458	2,407,774,940	138,026,848	130,232,090	268,258,938	383,227,054	1,953,701,396	2,791,001,994	70.00%	31.50
2015	1,591,141,480	2,366,009,636	141,502,360	132,080,190	273,582,550	390,832,214	1,864,724,030	2,756,841,850	67.64%	32.11
2016	1,618,874,510	2,419,842,317	141,602,090	129,645,400	271,247,490	189,873,240	1,890,122,000	2,609,715,557	72.43%	32.18
2017	1,640,570,760	2,429,035,771	142,027,900	135,119,260	277,147,160	194,003,010	1,917,717,920	2,623,038,781	73.11%	32.17
2018	1,653,927,610	2,448,811,978	144,213,350	145,382,120	289,595,470	202,716,830	1,943,523,080	2,651,528,808	73.30%	32.88

(1) Assessed values taken from the Board of Assessment Appeals corrected abstracts for the respective year.

(2) Ratios are predicated on the State of Connecticut Office of Policy and Management sales/assessment ratio.

(3) Personal property value based on a 70% assessment ratio.

(4) Revaluation completed for fiscal years 2009 and 2014.



**Town of Bethel, Connecticut**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**  
**(Unaudited)**

Name	Nature of Business	2018			2009		
		Assessed Value	Rank	Percentage Net Taxable Grand List (1)	Assessed Value	Rank	Percentage Net Taxable Grand List (1)
Connecticut Light and Power (related companies and leased equipment)	Utility	\$ 85,904,520	1	4.42%	\$ 82,277,990	1	3.59%
Gillette (Duracell) Inc.	Batteries	47,301,750	2	2.43%	64,485,020	2	2.81%
Steiner Inc. (and related companies)	Real Estate - Developer	15,692,960	3	0.81%	27,041,550	3	1.18%
Cedar-Bethel, LLC (Big Y)	Retail	14,064,960	4	0.72%	N/A	N/A	0.00%
RMS Bethel LLC	Residential	12,879,270	5	0.66%	N/A	N/A	0.00%
Bethel Health & Rehabilitation	Healthcare	12,223,530	6	0.63%	14,912,490	4	0.65%
Target Corporation	Retail	11,411,000	7	0.59%	11,852,990	5	0.52%
Toll CT II Limited Partnership	Residential	9,407,920	8	0.48%	N/A	N/A	0.00%
BFM Limited Partnership	Shopping Plaza	9,323,610	9	0.48%	5,562,030	9	0.24%
EW Batista Family Limited Partnership	Food Service	8,605,600	10	0.44%	N/A	N/A	0.00%
Tony's Restaurant	Real Estate - Hotel	N/A	N/A	0.00%	9,674,790	7	0.42%
CE Bethel, LLC	Real Estate - Retail	N/A	N/A	0.00%	10,696,520	6	0.47%
Shepards, Inc.	Warehousing	N/A	N/A	0.00%	6,642,320	8	0.29%
C & P Real Estate	Real Estate	N/A	N/A	0.00%	4,266,640	10	0.19%
<b>Total</b>		<u>\$ 226,815,120</u>		<u>11.66%</u>	<u>\$ 237,412,340</u>		<u>10.36%</u>
(1) - Based on October 1, 2016 and 2007 net taxable grand list of :		<u>\$ 1,943,523,080</u>			<u>\$ 2,292,255,079</u>		

Source: Town assessor department.

N/A - not applicable.

**Town of Bethel, Connecticut**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Years**  
**(Unaudited)**

Year Ended June 30	Governmental Activities				Business-Type Activities				Grand Total	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds (1)	Bond Premium	Capital Lease Payable	Total	Sewer Bonds	Bond Premium	Water Notes Payable	Total			
2009	\$ 17,700,000	\$ 156,765	\$ 203,511	\$ 18,060,276	\$ 4,850,000	\$ -	\$ 1,959,865	\$ 6,809,865	\$ 24,870,141	0.28%	\$ 1,349
2010	37,405,000	1,084,498	548,097	39,037,595	19,990,000	72,105	1,479,898	21,542,003	60,579,598	0.11%	3,269
2011	34,985,000	994,780	617,203	36,596,983	19,065,000	65,550	999,931	20,130,481	56,727,464	0.17%	3,050
2012	32,565,000	905,063	231,404	33,701,467	18,170,000	58,995	519,964	18,748,959	52,450,426	0.13%	2,822
2013	30,175,000	815,345	134,208	31,124,553	17,240,000	52,440	39,997	17,332,437	48,456,990	0.15%	2,620
2014	28,135,000	736,572	743,941	29,615,513	16,390,000	79,794	-	16,469,794	46,085,307	0.16%	2,486
2015	25,805,000	772,202	872,904	27,450,106	15,115,000	171,873	-	15,286,873	42,736,979	0.17%	2,263
2016	24,050,000	674,983	4,968,981	29,693,964	14,210,000	158,257	-	14,368,257	44,062,221	0.19%	2,256
2017	22,265,000	577,764	4,102,177	26,944,941	13,425,000	118,422	1,855,379	15,398,801	42,343,742	0.18%	2,134
2018	40,670,000	480,545	3,719,231	44,869,776	12,655,000	111,361	3,440,262	16,206,623	61,076,399	0.12%	3,084

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements  
 There is no overlapping debt for the Town.

(1) Includes permanently financed bond anticipation notes

**Town of Bethel, Connecticut**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**  
**(Unaudited)**

Year Ended June 30	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Debt Per Capita
	General Obligation Bonds (1)	Premium	Total		
2009	\$ 17,700,000	\$ 156,765	\$ 17,856,765	0.55%	\$ 968
2010	37,405,000	1,084,498	38,489,498	1.31%	2,077
2011	34,985,000	994,780	35,979,780	1.29%	1,934
2012	32,565,000	905,063	33,470,063	1.22%	1,801
2013	30,175,000	815,345	30,990,345	1.17%	1,676
2014	28,135,000	736,572	28,871,572	1.03%	1,557
2015	25,805,000	772,202	26,577,202	0.96%	1,407
2016	24,050,000	674,983	24,724,983	0.95%	1,266
2017	22,265,000	577,764	22,842,764	0.87%	1,151
2018	40,670,000	480,545	41,150,545	1.55%	2,078

NOTE: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) Includes permanently financed bond anticipation notes.

**Town of Bethel, Connecticut**  
**Schedule of Debt Limitation**  
**Connecticut Statutes, Section 7-374(b)**  
**(Unaudited)**

Tax base:					
Total prior year tax collections (including interest and lien fees)					<u>\$ 61,878,320</u>
	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2 1/4 times base	\$ 139,226,220	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	278,452,440	-	-	-
3 3/4 times base	-	-	232,043,700	-	-
3 1/4 times base	-	-	-	201,104,540	-
3 times base	-	-	-	-	185,634,960
Total debt limitations	<u>139,226,220</u>	<u>278,452,440</u>	<u>232,043,700</u>	<u>201,104,540</u>	<u>185,634,960</u>
Indebtedness:					
Bonds	3,095,000	17,575,000	-	-	-
Bond anticipation notes (permanently financed)	17,935,755	2,064,245	-	-	-
Bond anticipation notes (short term)	<u>4,450,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total indebtedness	<u>25,480,755</u>	<u>19,639,245</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding debt	<u>\$ 113,745,465</u>	<u>\$ 258,813,195</u>	<u>\$ 232,043,700</u>	<u>\$ 201,104,540</u>	<u>\$ 185,634,960</u>
The total net indebtedness above amounts to:					<u>\$ 45,120,000</u>
In no event shall total indebtedness exceed seven time the base for debt limitation computation:					<u>\$ 433,148,240</u>
There is no overlapping debt for the Town.					

**Town of Bethel, Connecticut**  
**Legal Debt Margin Information**  
**Last Ten Years**  
**(Unaudited)**

Year Ended June 30	Debt Limit	Net Debt Applicable To Limit	Legal Debt Margin	Total Net Debt Applicable
2009	\$ 340,582,067	\$ 41,686,187	\$ 298,895,880	12.24%
2010	346,600,331	39,081,458	307,518,873	11.28%
2011	354,962,006	39,616,082	315,345,924	11.16%
2012	371,558,299	37,878,771	333,679,528	10.19%
2013	393,525,447	36,612,730	356,912,717	9.30%
2014	410,587,632	36,018,460	374,569,172	8.77%
2015	419,561,968	35,328,460	384,233,508	8.42%
2016	426,418,419	35,430,000	390,988,419	8.31%
2017	433,148,240	32,670,000	400,478,240	7.54%
2018	433,148,240	45,120,000	388,028,240	10.42%

Source: Town audit reports.

Town of Bethel, Connecticut

Demographic Statistics  
Last Ten Years  
(Unaudited)

Year Ended June 30	(1) Population	(5) Personal Income	(2) Per Capita Income	(2) Median Age	Education Level of Schooling		(3) School Enrollment	(4) Unemployment Percentage
					(6) High School Graduate or Higher	(6) Bachelor's Degree or Higher		
2009	18,438	\$ 68,891	\$ 28,927	37.1	88.9%	36.8%	3,104	7.10%
2010	18,534	68,891	28,927	43.8	88.9%	36.8%	2,964	7.2%
2011	18,600	98,306	41,999	37.8	88.9%	36.8%	3,000	6.2%
2012	18,584	66,402	32,984	37.0	88.9%	36.8%	2,996	6.7%
2013	18,493	72,236	34,500	41.0	88.9%	41.0%	2,996	6.5%
2014	18,541	73,554	35,585	41.6	91.0%	36.8%	3,006	5.1%
2015	18,887	73,257	38,286	41.0	91.1%	42.0%	2,947	4.0%
2016	19,529	85,377	41,817	40.9	93.5%	48.9%	2,975	3.0%
2017	19,842	75,551	42,617	42.9	94.0%	42.8%	2,984	3.0%
2018	19,802	94,292	42,782	42.7	94.1%	44.1%	3,064	3.3%

(1) Source: State of Connecticut, Department of Health, 2000 population - U.S. Bureau of Census.

(2) Source: State of Connecticut Census Data Center, U.S. Census Bureau and the Housatonic Council of Elected Officials.

(3) Source: Bethel Board of Education.

(4) Source: Connecticut Labor Department - research and statistics.

(5) Source: U.S. Bureau of Census.

(6) Source: Town CERC report.

Town of Bethel, Connecticut

Principal Employers  
Current and Nine Years Ago  
(Unaudited)

Employer	2018			2009		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Duracell, Gillette	300	1	2.82%	600	1	5.75%
Bethel Health Care	249	2	2.35%	170	4	1.63%
Memry	230	3	2.17%	N/A	N/A	0.00%
Big Y	167	4	1.57%	N/A	N/A	0.00%
Target	165	5	1.56%	200	3	0.10%
Bethel Food	154	6	1.45%	N/A	N/A	0.00%
Eaton Corporation	143	7	1.35%	300	2	2.88%
Maplewood Nursing Home	107	8	1.01%	N/A	N/A	0.00%
List Services	N/A	N/A	0.00%	N/A	N/A	0.00%
Cannondale Corporation	N/A	N/A	0.00%	125	5	1.20%
Beaver Brook Circuits	N/A	N/A	0.00%	110	6	1.06%
Kanthal	N/A	N/A	0.00%	100	7	0.96%
Blackstone Industries	N/A	N/A	0.00%	100	8	0.96%
Shepards Warehouse	N/A	N/A	0.00%	90	9	0.86%
Total	<u>1,515</u>		<u>14.28%</u>	<u>1,795</u>		<u>10.36%</u>

Source: State Department of Labor.

N/A - Not applicable

**Town of Bethel, Connecticut**  
**Full-Time Equivalent Employees by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

Function/Program	Fiscal Year Ended									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General government:										
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Planning and zoning	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Parks and recreation department	6.0	6.0	6.0	6.0	6.0	6.0	7.0	7.0	7.0	7.0
Other	10.0	10.0	10.0	10.0	10.0	11.0	10.5	10.5	10.0	9.5
Public safety:										
Building and inspection	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Fire Marshall	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Fire:										
Firefighters (volunteer)	112.0	112.0	112.0	112.0	103.0	113.0	110.0	100.0	100.0	100.0
Police:										
Uniformed employees	38.0	37.0	37.0	35.0	40.0	40.0	40.0	38.0	36.0	36.0
Others	13.0	13.0	13.0	8.0	12.0	12.0	9.0	11.0	12.0	12.0
Public works:										
Engineering	2.0	2.0	2.0	2.0	2.5	2.5	2.5	2.5	2.5	2.5
Highway department	12.0	12.0	12.0	12.0	12.0	17.0	17.0	17.0	17.0	17.0
Building maintenance	7.0	7.0	7.0	7.0	7.0	6.0	6.0	6.0	6.0	6.0
Health and welfare	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Library	15.1	13.2	13.2	13.2	16.0	12.0	8.0	8.0	8.0	8.0
Education	444.0	444.0	445.0	444.0	443.0	346.0	344.0	345.0	437.0	441.0
Water	5.5	3.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	3.5
Sewer	4.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Transfer station	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Total</b>	<u>686.6</u>	<u>680.7</u>	<u>682.7</u>	<u>674.7</u>	<u>677.0</u>	<u>591.0</u>	<u>579.5</u>	<u>570.5</u>	<u>661.0</u>	<u>663.5</u>

Source: Town and Board of Education's payroll departments.



Town of Bethel, Connecticut  
**Operating Indicators by Function/Program**  
 Last Ten Years  
 (Unaudited)

Function/Program	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b><u>Government Activities</u></b>										
<b>General government:</b>										
Parks and recreation: Programs	354	345	340	335	335	335	333	333	323	248
<b>Public safety:</b>										
Building permits issued	777	896	864	833	911	881	872	750	729	699
<b>Library:</b>										
Volumes and audio visual materials in collection	119,686	128,799	128,723	127,470	125,773	118,696	118,356	120,939	118,847	95,000
<b>Education:</b>										
Enrollment:										
Grades Pre-K-5	1,473	1,418	1,405	1,344	1,384	1,332	1,332	1,329	1,296	1,359
Grades 6-8	659	683	656	696	672	684	693	693	684	706
Grades 9-12	915	883	897	889	933	959	949	949	959	1,010
Special education	17	17	17	18	17	21	21	29	25	29
<b><u>Business-Type Activities</u></b>										
<b>Water:</b>										
Customers served	3,562	3,524	3,480	3,460	3,449	3,426	3,397	3,369	3,309	3,264
<b>Sewer:</b>										
Customers served	4,403	4,328	4,222	4,187	4,100	4,054	4,008	3,933	3,842	3,787

Source: Various Town departments.

**Town of Bethel, Connecticut**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**  
**(Unaudited)**

Function/Program	Fiscal Year Ended June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b><u>Governmental Activities</u></b>										
<b>General government:</b>										
Parks and recreation:										
Acreage	389	389	389	385	377	307	307	307	307	307
Park facilities	14	14	14	13	12	11	11	11	11	11
Community centers	1	1	1	1	1	1			2	2
<b>Public safety:</b>										
Fire stations	2	2	2	2	2	2	2	2	2	2
Police stations	1	1	1	1	1	1	1	1	1	1
<b>Public works:</b>										
Highway department; Streets (miles)	88	88	88	88	88	88	88	88	88	88
<b>Library</b>										
	1	1	1	1	1	1	1	1	1	1
<b>Education:</b>										
Number of high schools	1	1	1	1	1	1	1	1	1	1
Number of middle schools	1	1	1	1	1	1	1	1	1	1
Number of elementary schools	3	3	3	3	3	3	3	3	3	3
<b><u>Business-Type Activities</u></b>										
<b>Water:</b>										
Treatment plants	3	3	3	3	3	3	3	3	3	2
Miles of lines	38.75	38.40	38.14	38.14	38.14	38.10	38.10	38.10	38.10	38.10
Reservoirs	2	2	2	2	2	2	2	2	2	3
Pump stations	6	4	4	4	4	4	4	4	4	8
Hydrants	333	285	281	281	274	274	274	254	254	254
Wells	2	2	2	2	2	2	2	2	2	2
Standby	2	-	-	-	-	-	-	-	-	-
<b>Sewer:</b>										
Pump stations	11	10	10	10	10	9	9	9	9	6
Miles of sewers	58	58	58	58	58	58	58	58	58	43

Source: Town capital asset records and various Town departments.