

## TOWN OF BRANFORD, CONNECTICUT

### FINANCIAL STATEMENTS

JUNE 30, 2016

**TOWN OF BRANFORD, CONNECTICUT**  
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**JUNE 30, 2016**

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## Independent Auditors' Report

To the Board of Finance  
Town of Branford, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Change in Accounting Principle***

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2016, the Town adopted new accounting guidance, GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

## ***Prior Period Adjustment***

As discussed in Note 15 to the financial statements, during the fiscal year ended June 30, 2016, a prior period adjustment was made to the State of Connecticut Municipal Employees Retirement System to change the method of accounting for receivables and the Town recognized the amount payable to the System for prior service costs. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 59 through 64 and the pension schedules on pages 65 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the Town of Branford, Connecticut as of and for the year ended June 30, 2015 (not presented herein), and have issued our report thereon dated December 24, 2015, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2015 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2015 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2015.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016 on our consideration of the Town of Branford, Connecticut’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Branford, Connecticut’s internal control over financial reporting and compliance.



West Hartford, Connecticut  
December 27, 2016

**TOWN OF BRANFORD, CONNECTICUT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2016. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

**FINANCIAL HIGHLIGHTS**

- Net position of our governmental activities increased by \$12,949.
- During the year, the Town had expenses that were \$12,949 less than the \$125,851 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$112,902 with no major programs added this year. The General Fund reported a fund balance this year of \$24,618.
- The resources available for appropriation were \$2,539 more than budgeted for the General Fund. Expenditures were \$1,878 less than budgeted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

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

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

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

## ***Fund Financial Statements***

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

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



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from a year ago, increasing from \$131,488 to \$144,436. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1  
NET POSITION**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015 as Restated</b>
Current assets	\$ 84,358	\$ 82,082
Capital assets, net of accumulated depreciation	130,080	129,396
Total assets	<u>214,438</u>	<u>211,478</u>
 Deferred outflows of resources	 6,421	 4,031
 Long-term debt outstanding	 62,912	 66,614
Other liabilities	6,353	6,986
Total liabilities	<u>69,265</u>	<u>73,600</u>
 Deferred inflows of resources	 7,158	 10,421
 Net Position:		
Net investment in capital assets	91,199	83,128
Restricted	298	296
Unrestricted	52,939	48,064
Total Net Position	<u>\$ 144,436</u>	<u>\$ 131,488</u>

The Town experienced an increase in net position of its governmental activities of 8.9% as compared to the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$48,064 at June 30, 2015 to \$52,939 at the end of this year.

The change in unrestricted governmental net position primarily reflects the decrease in bonds payable coupled with an increase in cash and cash equivalents which generated the increase in current assets.

**TABLE 2  
CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
Revenues:		
Program revenues:		
Charges for services	\$ 10,116	\$ 9,572
Operating grants and contributions	15,376	13,821
Capital grants and contributions	3,824	1,954
General revenues:		
Property taxes	95,088	93,029
Grants and contributions not restricted to specific programs	669	849
Unrestricted investment earnings	199	121
Other general revenues	579	531
Total revenues	<u>125,851</u>	<u>119,877</u>
Program expenses:		
General government	5,874	6,862
Public safety	19,238	18,733
Public works and highway	13,887	13,319
Parks, recreation and libraries	3,927	3,694
Health and human services	3,498	3,272
Education	65,756	62,352
Interest debt service	722	959
Total program expenses	<u>112,902</u>	<u>109,191</u>
Increase in Net Position	<u>\$ 12,949</u>	<u>\$ 10,686</u>

The Town's total revenues were \$125,851. The total cost of all programs and services was \$112,902. Our analysis which follows considers the operations of governmental activities.

***Governmental Activities***

The largest single component of governmental activity is the General Fund. Total revenues were \$2,664 higher than budgeted. Of this amount, \$1,413 resulted from strong current and delinquent property tax collections from prior levies that include interest and penalties. Taxes on the current levy exceeded the budget by \$1,241. Despite midyear reductions for state payments in lieu of taxes, conservative estimates of other state assistance programs resulted in a positive balance for intergovernmental revenue. Revenues from licenses, permits and fee revenue exceeded the budget by \$517, primarily due to real estate conveyance fees \$116, ambulance revenue \$187, and building permits \$73. Other income exceeded the budget by \$562 primarily due to better than anticipated results from employee insurance co-pays, premiums on bond issues and disbursements from the Bristol Resource Recovery Facility.

Expenditures were \$1,878 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for debt service pursuant to a bond refunding, and municipal solid waste fees combined with vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
General government	\$ 5,874	\$ 6,862	\$ 3,519	\$ 3,117
Public safety	19,238	18,733	16,196	16,037
Public works and highway	13,887	13,319	8,274	8,128
Parks, recreation and libraries	3,927	3,694	525	3,206
Health and human services	3,498	3,272	1,979	1,957
Education	65,756	62,352	52,377	50,450
Interest and debt service	722	959	717	949
<b>Total</b>	<b>\$ 112,902</b>	<b>\$ 109,191</b>	<b>\$ 83,587</b>	<b>\$ 83,844</b>

**TOWN FUNDS FINANCIAL ANALYSIS**

***Governmental Funds***

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$47,714, which is a slight increase from last year's total of \$47,176. The primary reason for the increase can be traced to the non-major funds which benefited from positive operations in the sewer utility fund.

***General Fund Budgetary Highlights***

The Town's general fund expenditures plus encumbrances totaled \$103,553. Unexpended appropriations in general government, public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,878. Revenues were \$2,664 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates and receipt of non-recurring revenue items.

The Town's General Fund balance of \$24,618 reported on Exhibit IV is comprised of four categories: Non-spendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2016, the Town had \$130,080 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$684 or 0.5%, less than last year. This increase primarily reflects the acquisition of Foote Memorial Park whose value exceeded the combined reductions associated with depreciation and asset dispositions.

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

	Governmental Activities	
	2016	2015
Land	\$ 16,627	\$ 13,714
Intangible assets	597	597
Land improvements	1,617	1,556
Buildings	74,219	76,188
Machinery and equipment	8,795	8,842
Construction in progress	5,435	4,654
Infrastructure	<u>22,790</u>	<u>23,845</u>
Total	<u>\$ 130,080</u>	<u>\$ 129,396</u>

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

The town did not undertake any major infrastructure improvements in FY 2016. The School Ground Road Bridge is listed under the construction in progress category and will be added to infrastructure in 2017. Currently, the Town is leasing space for the public works operation while looking to secure a permanent site. Improvements to sewer pump stations have begun and improvements to the Harbor Street Culvert will commence in 2016 and the town is planning major improvements to the Community Center along with a renovation to the Walsh Intermediate School. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

### Long-Term Debt

At June 30, 2016, the Town had \$37,002 in bonds and notes outstanding versus \$43,956 last year - a decrease of \$6,954 or approximately 15.8%. The Town anticipates increasing the long term debt in future years to finance a public works garage, school renovations, pump station improvements and a community center.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency remains at Aa1, after the rating was recalibrated in 2010. The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$671 million.

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

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when adopting the fiscal-year 2016-2017 budget and corresponding tax rates. Cognizant of the severe fiscal challenges at the state capital, the Board of Finance dialed back their estimates for state aid. Branford believes this will serve us well in FY 2018 as the state budgetary pressures persist. Town officials also acknowledged that many property owners continue grapple with their own economic constraints and job insecurities. Faced with these challenges, officials sought to minimize the increase the Town's tax requirements while acknowledging that the demand for many municipal services will continue. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$105,891,217 for 2016-2017, which represents an increase of \$459,490 or 0.4% as compared to the 2015-2016 amended budget. Increased property taxes of approximately \$1.8 million combined with a \$2.8 million appropriation from fund balance will supplement nontax revenues.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

**TOWN OF BRANFORD, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 67,156,461
Investments	8,592,958
Receivables, net	8,147,931
Inventory	33,689
Prepaid items	16,297
Net OPEB asset	411,000
Capital assets not being depreciated	22,659,564
Capital assets being depreciated, net of accumulated depreciation	<u>107,420,027</u>
Total assets	<u>214,437,927</u>
<b>Deferred Outflows of Resources:</b>	
Pension contributions subsequent to the measurement date	2,233,161
Pension differences between actual and projected investment earnings	2,884,949
Pension change in proportional share	57,655
Pension change in assumptions	799,954
Deferred charge on refunding	445,587
Total deferred outflows of resources	<u>6,421,306</u>
<b>Liabilities:</b>	
Accounts and other payables	4,417,874
Unearned revenue	1,784,705
Other	149,763
Noncurrent liabilities:	
Due within one year	8,741,267
Due in more than one year	<u>54,171,101</u>
Total liabilities	<u>69,264,710</u>
<b>Deferred Inflows of Resources:</b>	
Pension difference between expected and actual experience	569,888
Advance property tax collections	<u>6,588,263</u>
Total deferred inflows of resources	<u>7,158,151</u>
<b>Net Position:</b>	
Net investment in capital assets	91,199,411
Restricted for Trusts:	
Expendable	197,487
Nonexpendable	100,420
Unrestricted	<u>52,939,054</u>
Total Net Position	<u>\$ 144,436,372</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
STATEMENT OF ACTIVITIES  
JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,873,572	\$ 1,452,087	\$ 45,900	\$ 857,204	\$ (3,518,381)
Public safety	19,238,439	2,706,432	335,641		(16,196,366)
Public works and highway	13,887,156	3,791,162	1,660,730	161,608	(8,273,656)
Parks, recreation and libraries	3,927,177	475,747	131,714	2,794,925	(524,791)
Health and human services	3,497,684	520,892	997,397		(1,979,395)
Education	65,755,777	1,169,156	12,199,505	10,000	(52,377,116)
Interest expense	722,273		5,130		(717,143)
<b>Total</b>	<b>\$ 112,902,078</b>	<b>\$ 10,115,476</b>	<b>\$ 15,376,017</b>	<b>\$ 3,823,737</b>	<b>(83,586,848)</b>
General revenues:					
Property taxes					95,087,961
Grants and contributions not restricted to specific programs					669,173
Unrestricted investment earnings					199,365
Miscellaneous					578,872
Total general revenues					<u>96,535,371</u>
Change in net position					12,948,523
Net Position at Beginning of Year, as Restated					<u>131,487,849</u>
Net Position at End of Year					<u>\$ 144,436,372</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 31,397,294	\$ 7,145,822	\$ 3,675,131	\$ 6,608,478	\$ 48,826,725
Investments	7,742,264			850,694	8,592,958
Receivables, net	5,103,004	494,976	420,830	1,932,736	7,951,546
Due from other funds		6,791,827		120,324	6,912,151
Inventories				33,689	33,689
Other assets	16,297				16,297
Total Assets	<u>\$ 44,258,859</u>	<u>\$ 14,432,625</u>	<u>\$ 4,095,961</u>	<u>\$ 9,545,921</u>	<u>\$ 72,333,366</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 2,542,059	\$ 534,371		\$ 977,676	\$ 4,054,106
Due to other funds	5,519,009		1,100,000	293,142	6,912,151
Unearned revenue	727,605	229,727		827,373	1,784,705
Other	149,763				149,763
Total liabilities	<u>8,938,436</u>	<u>764,098</u>	<u>1,100,000</u>	<u>2,098,191</u>	<u>12,900,725</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,869,073				2,869,073
Unavailable revenue - interest on property taxes	1,183,780				1,183,780
Unavailable revenue - special assessments			420,830	194,736	615,566
Unavailable revenue - loans receivable				400,406	400,406
Unavailable revenue - school building grants	61,443				61,443
Advance property tax collections	6,588,263				6,588,263
Total deferred inflows of resources	<u>10,702,559</u>	<u>-</u>	<u>420,830</u>	<u>595,142</u>	<u>11,718,531</u>
Fund Balances:					
Nonspendable	16,297			134,109	150,406
Restricted		13,668,527	2,575,131	3,068,182	19,311,840
Committed	64,517			3,663,019	3,727,536
Assigned	3,250,167				3,250,167
Unassigned	21,286,883			(12,722)	21,274,161
Total fund balances	<u>24,617,864</u>	<u>13,668,527</u>	<u>2,575,131</u>	<u>6,852,588</u>	<u>47,714,110</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,258,859</u>	<u>\$ 14,432,625</u>	<u>\$ 4,095,961</u>	<u>\$ 9,545,921</u>	<u>\$ 72,333,366</u>

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**TOWN OF BRANFORD, CONNECTICUT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2016**

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

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

Fund balances - total governmental funds (Exhibit III)	\$	47,714,110
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	255,860,540	
Less accumulated depreciation		<u>(125,780,949)</u>	
Net capital assets			130,079,591

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

Net OPEB asset	411,000
Property tax receivables greater than 60 days	2,869,073
Interest receivable on property taxes	1,183,780
Assessments receivable	615,566
Housing loans receivable	400,406
Receivable from the state for school construction projects	61,443
Deferred outflows relating to pension contributions subsequent to the plan measurement date	2,233,161
Deferred outflows relating to pension differences between actual and projected investment earnings	2,884,949
Deferred outflows relating to pension changes in proportional share	57,655
Deferred outflows relating to pension change in assumptions	799,954

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

15,147,789

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

Net pension liability	(15,132,347)
Deferred inflows relating to differences between expected and actual experience	(569,888)
Bonds and notes payable	(37,001,892)
Interest payable on bonds and notes	(340,544)
MERS prior service cost	(10,262)
Compensated absences	(3,920,384)
Capital lease	(174,307)
Bond premium	(2,149,568)
Deferred charge on refunding	445,587
Landfill	<u>(1,168,500)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>144,436,372</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 94,484,140	\$	\$	\$	\$ 94,484,140
Assessments and interest			298,137	2,661,813	2,959,950
Intergovernmental	8,854,178	587,160		5,829,970	15,271,308
Charges for services	3,859,805			2,769,100	6,628,905
Income on investments	160,784	1,599	2,145	19,573	184,101
Miscellaneous	1,550,658	102,675		1,042,234	2,695,567
Total revenues	<u>108,909,565</u>	<u>691,434</u>	<u>300,282</u>	<u>12,322,690</u>	<u>122,223,971</u>
Expenditures:					
Current:					
General government	4,535,547	9,182		58,870	4,603,599
Public safety	11,606,349			505,676	12,112,025
Public works and highway	4,974,626		3,340	3,459,397	8,437,363
Parks, recreation and libraries	2,551,438	46,070		462,758	3,060,266
Health and human services	577,517			2,250,552	2,828,069
Education	59,226,125			5,323,543	64,549,668
Pension and insurance	13,878,697				13,878,697
Capital outlay		3,829,370		367,514	4,196,884
Debt service	8,018,795				8,018,795
Total expenditures	<u>105,369,094</u>	<u>3,884,622</u>	<u>3,340</u>	<u>12,428,310</u>	<u>121,685,366</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,540,471</u>	<u>(3,193,188)</u>	<u>296,942</u>	<u>(105,620)</u>	<u>538,605</u>
Other Financing Sources (Uses):					
Transfers in	597,452	2,849,182		1,772,861	5,219,495
Transfers out	(4,280,246)			(939,249)	(5,219,495)
Total other financing sources (uses)	<u>(3,682,794)</u>	<u>2,849,182</u>	<u>-</u>	<u>833,612</u>	<u>-</u>
Net Change in Fund Balances	(142,323)	(344,006)	296,942	727,992	538,605
Fund Balances at Beginning of Year	<u>24,760,187</u>	<u>14,012,533</u>	<u>2,278,189</u>	<u>6,124,596</u>	<u>47,175,505</u>
Fund Balances at End of Year	<u>\$ 24,617,864</u>	<u>\$ 13,668,527</u>	<u>\$ 2,575,131</u>	<u>\$ 6,852,588</u>	<u>\$ 47,714,110</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ 538,605

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

Capital outlay	5,859,141
Depreciation expense	(5,141,114)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (34,669)

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

School building grant receipts	(39,105)
Property tax receivable - accrual basis change	512,861
Property tax interest and lien revenue - accrual basis change	90,960
Sewer assessment receivable - accrual basis change	(102,065)
Housing loans receivable	(21,010)
Change in deferred outflows relating to pension contributions subsequent to the measurement date	(51,554)
Change in deferred outflows relating to pension differences between actual and projected investment earnings	1,676,040
Change in deferred outflows relating to pension changes in proportional share	57,655
Change in deferred outflows relating to pension change in assumptions	784,096

Change in pension and OPEB assets and liabilities

Change in net OPEB asset	(291,400)
Change in net pension liability	(4,154,848)

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

Bond and note principal payments	6,954,130
Capital lease payments	99,548

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

Compensated absences	58,449
Accrued interest	(91,596)
Amortization of deferred charge on refunding	(76,055)
Amortization of bond premiums	410,495
Change in MERS prior service costs	1,466
Change in deferred inflows relating to differences between actual and projected investment earnings	2,471,024
Change in deferred inflows relating to differences between expected and actual experience	(537,040)
Landfill post closure care	57,500

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. 3,917,009

Change in Net Position of Governmental Activities (Exhibit II) \$ 12,948,523

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016**

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	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
	<hr/>
Assets:	
Cash and cash equivalents	\$ 18,329,736
Accounts receivable	271,891
	<hr/>
Total assets	18,601,627
	<hr/>
Liabilities:	
Accounts and other payables	98,730
Risk management claims	3,355,108
	<hr/>
Total liabilities	3,453,838
	<hr/>
Net Position:	
Unrestricted	\$ 15,147,789
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2016**

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	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 15,810,416
Other	674,951
Total contributions	<hr/> 16,485,367
Operating Expenses:	
Benefit claims	10,883,389
Claims administration	1,700,233
Total operating expenses	<hr/> 12,583,622
Operating Income	3,901,745
Nonoperating Revenue:	
Income on investments	<hr/> 15,264
Change in Net Position	3,917,009
Net Position at Beginning of Year	<hr/> 11,230,780
Net Position at End of Year	<hr/> <hr/> \$ 15,147,789

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 16,597,214
Cash payments to providers of benefits and administration	<u>(12,829,003)</u>
Net cash provided by (used in) operating activities	3,768,211
Cash Flows from Investing Activities:	
Income on investments	<u>15,264</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,783,475
Cash and Cash Equivalents at Beginning of Year	<u>14,546,261</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 18,329,736</u></u>
Reconciliation of Operating Income (loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 3,901,745
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	111,847
Increase (decrease) in accounts payable	<u>(245,381)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 3,768,211</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2016**

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	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 1,038,141	\$ 1,542,892
Investments - mutual funds	17,955,298	
Investments - bonds	15,075,424	
Accounts receivable	77,853	
	<u>                    </u>	<u>                    </u>
Total assets	<u>34,146,716</u>	<u>\$ 1,542,892</u>
Liabilities:		
Accounts payable	6,763	
Due to students and others		1,542,892
	<u>                    </u>	<u>                    </u>
Total liabilities	<u>6,763</u>	<u>\$ 1,542,892</u>
Net Position:		
Held in Trust for Pension or Retiree Benefits	<u>\$ 34,139,953</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u><b>Pension and Other Employee Benefit Trust Funds</b></u>
Additions:	
Contributions:	
Employer	\$ 2,818,682
Plan members	<u>849,838</u>
Total contributions	<u>3,668,520</u>
Net investment income	<u>215,026</u>
Total additions	<u>3,883,546</u>
Deductions:	
Benefits	2,554,706
Administration	<u>29,684</u>
Total deductions	<u>2,584,390</u>
Net Increase in Net Position	1,299,156
Net Position at the Beginning of Year	<u>32,840,797</u>
Net Position at the End of Year	<u>\$ 34,139,953</u>

The accompanying notes are an integral part of the financial statements



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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

**D. Deposits and Investments**

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

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

Investments for the Town are reported at fair value.

**E. Receivables and Payables**

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

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

**F. Inventories and Prepaid Items**

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

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

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

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**G. Capital Assets**

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

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

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

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

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

**H. Deferred Outflows/Inflows of Resources**

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

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

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

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

**I. Compensated Absences**

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

**J. Long-Term Obligations**

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

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

**K. Fund Equity**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

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

**Unrestricted Net Position**

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

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

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

**Nonspendable Fund Balance**

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

**Restricted Fund Balance**

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

**Committed Fund Balance**

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

**Assigned Fund Balance**

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

**Unassigned Fund Balance**

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

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations of \$1,840,000 from fund balance for the year ended June 30, 2016.

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

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

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

**3. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

**Deposits**

**Deposit Custodial Credit Risk**

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

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$41,996,196 of the Town’s bank balance of \$50,577,528 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 13,122,386
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name, and amounts held by third-party banks in the Town’s name	<u>28,873,810</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 41,996,196</u>

**Cash Equivalents**

At June 30, 2016, the Town’s cash equivalents amounted to \$27,624,920. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

As of June 30, 2016, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 4,886,480	\$ 4,004,829		\$ 881,651
Other debt securities	AAA	1,861,064		892,606	968,458
Municipal bonds	AA	303,799		303,799	
Corporate bonds	A-AAA	6,361,755	858,372	4,619,279	884,104
Corporate bonds	B-BBB-	160,142	13,268	146,874	
Certificates of deposit*	N/A	8,270,509	<u>2,143,895</u>	<u>6,126,614</u>	
Subtotal			<u>\$ 3,015,535</u>	<u>\$ 16,094,001</u>	<u>\$ 2,734,213</u>
Other investments:					
Common stock	N/A	1,763,828			
Police Pension Fund and Volunteer Firemen Pension: Open ended mutual funds and exchange traded funds	N/A	<u>18,016,103</u>			
Total		<u>\$ 41,623,680</u>			

\*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable



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

The Town adopted new accounting guidance, GASB Statement No. 72, Fair Value Measurement and Application. The new disclosure is presented below:

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2016:

	June 30, 2016	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 4,886,480	\$ 4,886,480	\$	\$
U.S. Government agencies	1,861,064		1,861,064	
Corporate bonds	6,825,696		6,825,696	
Common stock	1,763,828	1,763,828		
Mutual funds	18,016,103	18,016,103		
Total investments by fair value level	33,353,171	\$ 24,666,411	\$ 8,686,760	\$ -
Certificates of deposit	8,270,509			
Total Investments	\$ 41,623,680			

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

**Interest Rate Risk**

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

**Credit Risk - Investments**

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

**Concentration of Credit Risk**

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

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

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**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2016, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**4. RECEIVABLES**

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,183,780	\$	\$	\$	\$ 1,183,780
Taxes	3,576,200				3,576,200
Accounts	565,273			349,744	915,017
Special assessments			420,830	189,724	610,554
Intergovernmental	291,368	494,976		1,342,606	2,128,950
Loans				400,406	400,406
Gross receivables	<u>5,616,621</u>	<u>494,976</u>	<u>420,830</u>	<u>2,282,480</u>	<u>8,814,907</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 5,103,004</u>	<u>\$ 494,976</u>	<u>\$ 420,830</u>	<u>\$ 2,282,480</u>	<u>\$ 8,301,290</u>

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

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,714,178	\$ 2,913,100	\$	\$	\$ 16,627,278
Intangible assets	596,800				596,800
Construction in progress	4,654,397	1,078,775	(297,686)		5,435,486
Total capital assets not being depreciated	<u>18,965,375</u>	<u>3,991,875</u>	<u>(297,686)</u>	<u>-</u>	<u>22,659,564</u>
Capital assets being depreciated:					
Buildings and improvements	116,523,878	391,485	219,737		117,135,100
Improvements other than buildings	2,648,701	177,802			2,826,503
Machinery and equipment	26,962,953	1,268,705		(528,760)	27,702,898
Infrastructure	85,429,252	29,274	77,949		85,536,475
Total capital assets being depreciated	<u>231,564,784</u>	<u>1,867,266</u>	<u>297,686</u>	<u>(528,760)</u>	<u>233,200,976</u>
Less accumulated depreciation for:					
Buildings and improvements	40,336,153	2,580,133			42,916,286
Improvements other than buildings	1,093,093	116,567			1,209,660
Machinery and equipment	18,120,813	1,280,965		(494,091)	18,907,687
Infrastructure	61,583,867	1,163,449			62,747,316
Total accumulated depreciation	<u>121,133,926</u>	<u>5,141,114</u>	<u>-</u>	<u>(494,091)</u>	<u>125,780,949</u>
Total capital assets being depreciated, net	<u>110,430,858</u>	<u>(3,273,848)</u>	<u>297,686</u>	<u>(34,669)</u>	<u>107,420,027</u>
Governmental Activities Capital Assets, Net	<u>\$ 129,396,233</u>	<u>\$ 718,027</u>	<u>\$ -</u>	<u>\$ (34,669)</u>	<u>\$ 130,079,591</u>

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

Governmental activities:	
General government	\$ 144,595
Public safety	860,979
Public works	2,402,163
Parks, recreation and libraries	87,543
Health and welfare	39,180
Education	<u>1,606,654</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,141,114</u>

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

**Active Capital Projects**

The Town has active projects as of June 30, 2016. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
WIS Roof & Window Replacement	\$ 1,961,133	\$ 1,961,133	\$	\$ -
Tabor Drive Acquisition	13,875,000	13,844,478	7,465	23,057
Fire Headquarters	12,500,000	12,489,278		10,722
Radio Control System Upgrade	1,650,000	1,634,711		15,289
BOE Roofs	699,870	699,870		-
School Ground Road Bridge	4,975,000	4,070,743		904,257
Land Acquisition Fund	1,110,276	1,101,517		8,759
Transfer Station Overhead Doors	200,535			200,535
Pump Station Upgrades	180,000	173,451	6,549	-
Pump Station Upgrades	2,500,000	475,955	1,369,920	654,125
Harbor Street Culvert Repairs	1,565,000	52,301	41,799	1,470,900
Stony Creek Dredging	150,000	8,333	5,000	136,667
Community Center Improvements	500,000	350,107	55,172	94,721
Branford Hills Demolition	560,000	182,189	91,146	286,665
BHS Track and Field Improvements	900,000			900,000
Branford High School Roof	250,000			250,000
BOE Bathroom Renovations	150,000	90,983		59,017
Walsh Intermediate School Renovations	88,200,000	21,082	671,518	87,507,400

**6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Individual fund interfund receivable and payable balances at June 30, 2016 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 120,324
Capital Projects Fund	General Fund	5,398,685
Capital Projects Fund	Nonmajor Governmental Funds	293,142
Capital Projects Fund	Sewer Assessment Fund	<u>1,100,000</u>
Total		<u>\$ 6,912,151</u>

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

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

Interfund transfers:

	<b>Transfers In</b>			
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Total Transfers Out</b>
Transfers out:				
General Fund	\$	\$	\$	\$
Nonmajor Governmental	597,452	2,507,385 341,797	1,772,861	4,280,246 939,249
<b>Total Transfers In</b>	<b>\$ 597,452</b>	<b>\$ 2,849,182</b>	<b>\$ 1,772,861</b>	<b>\$ 5,219,495</b>

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

**7. LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2016 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable:					
General obligation bonds	\$ 30,305,000	\$	\$ 5,445,000	\$ 24,860,000	\$ 5,375,000
Clean water notes	13,651,022		1,509,130	12,141,892	1,539,591
Less deferred amounts:					
For issuance premiums	2,560,063		410,495	2,149,568	
<b>Total bonds and notes payable</b>	<b>46,516,085</b>	<b>-</b>	<b>7,364,625</b>	<b>39,151,460</b>	<b>6,914,591</b>
Landfill closure	1,226,000		57,500	1,168,500	48,500
Net pension liability	10,977,499	4,154,848		15,132,347	
Compensated absences	3,978,833	42,842	101,291	3,920,384	123,294
MERS prior service costs	11,728		1,466	10,262	1,466
Risk management claims	3,629,964	10,883,389	11,158,245	3,355,108	1,550,122
Capital leases	273,855		99,548	174,307	103,294
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 66,613,964</b>	<b>\$ 15,081,079</b>	<b>\$ 18,782,675</b>	<b>\$ 62,912,368</b>	<b>\$ 8,741,267</b>

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

A schedule of bonds and notes outstanding at June 30, 2016 is presented below:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2016</u>
General Obligation:				
School, 2.0-4.0%, mature in 2017	\$ 444,000	\$	\$ 157,000	\$ 287,000
School, 2.0-4.0%, mature in 2017	1,265,000		420,000	845,000
School, 2.0-4.0%, mature in 2018	205,000		50,000	155,000
School, 4.0-5.0%, mature in 2025	145,000		145,000	-
School, 2.0-5.0%, mature in 2022	1,311,000			1,311,000
Public improvement sewer, 2.0-4.0%, mature in 2011	700,000		246,000	454,000
Public improvement sewer, 2.0-4.0%, mature in 2011	3,700,000		1,235,000	2,465,000
Public improvement sewer, 2.0-4.0%, mature in 2018	595,000		150,000	445,000
Public improvement, 2.0-4.0%, mature in 2018	580,000		580,000	-
Public improvement sewer, 2.0-5.0%, mature in 2012	16,269,000			16,269,000
Public improvement, 3.375-5.0%, mature in 2025	780,000		780,000	-
Public improvement, 2.0-4.0%, mature in 2026	1,850,000		925,000	925,000
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2016	30,000		30,000	-
Sewer, 2.0-4.0%, mature in 2018	1,500,000		400,000	1,100,000
Sewer, 2.0-4.0%, mature in 2017	931,000		327,000	604,000
<b>Total Bonds</b>	<b>30,305,000</b>	<b>-</b>	<b>5,445,000</b>	<b>24,860,000</b>
State of Connecticut, CWF, 2%, mature in 2019	252,814		76,047	176,767
State of Connecticut, CWF, 2%, mature in 2022	7,845,595		1,015,768	6,829,827
State of Connecticut, CWF, 2% mature in 2027	3,890,333		299,073	3,591,260
State of Connecticut, CWF, 2% mature in 2028	1,662,280		118,242	1,544,038
<b>Total Bonds and Notes</b>	<b>\$ 43,956,022</b>	<b>\$ -</b>	<b>\$ 6,954,130</b>	<b>\$ 37,001,892</b>

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,914,591	\$ 1,012,426	\$ 7,927,017
2018	6,980,667	818,700	7,799,367
2019	5,081,661	676,049	5,757,710
2020	4,387,337	539,356	4,926,693
2021	4,383,670	393,038	4,776,708
2022-2026	8,784,316	415,217	9,199,533
2027-2028	469,650	5,393	475,043
Total	<u>\$ 37,001,892</u>	<u>\$ 3,860,179</u>	<u>\$ 40,862,071</u>

**Advance Refunding**

In prior years, the government defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2016, \$9,250,000 of defeased bonds remains outstanding.

**Clean Water Fund Notes**

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

**General Obligation Bonds and Notes**

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

**Bonds Authorized Unissued**

The Town had bonds authorized unissued for various projects as follows:

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued and Paydowns</u>	<u>Bonds Authorized Unissued</u>
School Ground Road Bridge	\$ 4,975,000	\$ 988,875	\$ 3,986,125
Stony Creek Dredging	150,000	45,000	105,000
Harbor Street Culvert	1,565,000	150,000	1,415,000
Branford Hills Demolition	560,000	200,000	360,000
BOE Capital Projects 2015	1,515,000	523,894	991,106
Pump Station Renovations	2,500,000	1,500,000	1,000,000
Community Center Design	500,000	390,000	110,000
FY 2014 Town Capital Improvements	1,020,000	695,000	325,000
Main Street Gateway	3,300,000		3,300,000
Linden Avenue Stabilization	1,220,000		1,220,000
BOE Walsh Intermediate	88,200,000		88,200,000

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

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

Category	(In Thousands)		
	Debt Limit	Indebtedness*	Balance
General purpose	\$ 215,819	\$ 11,746	\$ 204,073
Schools	431,638	91,728 *	339,910
Sewers	359,698	34,479	325,219
Urban renewal	311,738		311,738
Pension deficit	287,758		287,758

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$671,436.

\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$61.

**Capital Leases**

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2016 were \$99,548. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 are as follows:

Year Ending June 30	Governmental Activities
2017	\$ 108,003
2018	72,002
Total minimum lease payments	180,005
Less amount representing interest	(5,698)
Present Value of Minimum Lease Payments	\$ <u>174,307</u>

**8. RISK MANAGEMENT**

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

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



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

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The claims liability of \$1,264,244 reported in the Internal Service Fund at June 30, 2016 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2014-2015	\$ 1,358,104	\$ 1,811,755	\$ 1,682,574	\$ 1,487,285
2015-2016	1,487,285	1,149,188	1,372,229	1,264,244

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,172,864 at June 30, 2016 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2014-2015	\$ 1,435,670	\$ 13,822	\$ 144,813	\$ 1,304,679
2015-2016	1,304,679	50,823	182,638	1,172,864

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for medical, prescription drug costs and dental benefits. The claims liability of \$918,000 at June 30, 2016 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2014-2015	\$ 829,000	\$ 12,440,697	\$ 12,431,697	\$ 838,000
2015-2016	838,000	9,683,378	9,603,378	918,000

**9. BULKY WASTE LANDFILL**

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

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

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

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

**Summary of Estimated Total Cost of Remaining Closure and Postclosure Care**

Final Cover, Demolition and Grading Cost	\$ 8,500
Postclosure Care Costs (29 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	478,500
Monitoring Program, Groundwater, Methane & Stormwater (\$23,500 annually)	<u>681,500</u>
 Total	 <u>\$ 1,168,500</u>

**10. JOINT VENTURES**

**Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. General Fund balance for fiscal year ended June 30, 2016 as reflected in BRRFOC's financial statements is \$1.8 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

**11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**A. Pension Trust Funds**

**Plan Description and Benefits Provided**

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

**Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

*Police Employees Retirement Plan*

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

*Volunteer Fire Department Pension Plan*

The Town of Branford operates a Length of Service Awards Program for volunteer firefighters from date of membership to retirement date. Firefighters who were members prior to 1991 with at least 10 years of service receive credit for five years of service. Members are required to fulfill a variety of requirements drills, calls, classes etc. to receive a year of credited service. Members receive a life annuity on the first day of the month coinciding with or next following the member's 65<sup>th</sup> birthday provided the member has a minimum of ten years of service. The maximum monthly payout is \$350.00 per month.

**TOWN OF BRANFORD, CONNECTICUT  
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Funding for the plan is based on the Entry Age Normal Cost Method. The unfunded liability is amortized over 30 years beginning in January 1999 and had 14 years remaining as of January 2015.

At July 1, 2015 and January 1, 2015 for the Police employees retirement plan and the volunteer fire department pension plan (date of latest valuations), plan membership consisted of the following, respectively:

	<b>Police Employees Retirement Plan</b>	<b>Volunteer Fire Department Pension Plan</b>
Retirees, disabled and beneficiaries currently receiving benefits	45	17
Terminated employees entitled to benefits but not yet receiving them	1	
Active plan members	<u>38</u>	<u>203</u>
Total Participants	<u><u>84</u></u>	<u><u>220</u></u>

**Investments**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Large Cap	14.00%
U.S. Mid/Small Cap	12.00%
International Equities	5.00%
Emerging International Equities	6.00%
Core Bonds	45.00%
High-Yield Bonds	8.00%
Real Estate	5.00%
Commodities	3.00%
Cash	<u>2.00%</u>
Total	<u><u>100.00%</u></u>

**Rate of Return**

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 0.66%, and 0.44% for the Police employees retirement plan and the volunteer fire department pension plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**TOWN OF BRANFORD, CONNECTICUT  
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**Deferred Retirement Option Program**

The police employees retirement plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2016, six officers have elected the DROP and the DROP balance was \$273,297.

**Net Pension Liability of the Town**

The components of the net pension liability of the Town at June 30, 2016 were as follows:

	<b>Police Employees Retirement Plan</b>	<b>Volunteer Fire Department Pension Plan</b>
Total pension liability	\$ 29,788,646	\$ 1,203,868
Plan fiduciary net position	<u>21,379,414</u>	<u>826,379</u>
Net Pension Liability	<u>\$ 8,409,232</u>	<u>\$ 377,489</u>
Plan fiduciary net position as a percentage of the total pension liability	71.77%	68.64%

**Actuarial Assumptions**

*Police Employees Retirement Plan*

The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Scaled from 9.50% down to 3.5% based on years of service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Retirement rates were based on a scale from 20% at age 25 to 100% at age 40. Post-retirement mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

*Volunteer Fire Department Pension Plan*

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates were based on the RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2015.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Large Cap	4.75%
U.S. Mid/Small Cap	5.50%
International Equities	5.25%
Emerging International Equities	6.00%
Core Bonds	2.00%
High-Yield Bonds	3.25%
Real Estate	5.00%
Commodities	5.00%
Cash	0.50%

**Changes in the Net Pension Liability**

	<u>Police Employees Retirement Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of June 30, 2015	\$ 28,431,052	\$ 21,602,660	\$ 6,828,392
Changes for the year:			
Service cost	621,201		621,201
Interest on total pension liability	1,990,048		1,990,048
Differences between expected and actual experience	(680,737)		(680,737)
Changes in assumptions	991,581		991,581
Employer contributions		910,500	(910,500)
Member contributions		280,850	(280,850)
Net investment income (loss)		149,903	(149,903)
Benefit payments, including refund to employee contributions	(1,564,499)	(1,564,499)	-
Net changes	<u>1,357,594</u>	<u>(223,246)</u>	<u>1,580,840</u>
Balances as of June 30, 2016	<u>\$ 29,788,646</u>	<u>\$ 21,379,414</u>	<u>\$ 8,409,232</u>

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

The changes in assumptions above were materially due to change in mortality assumptions to project to the date of decrement using Scale MP-2015, from being projected to the date of decrement using Scale AA, and a change in retirement rates which is not assumed at 20% at age 25 scaling up to 100% at age 40, and prior the assumption was 25% at age 45 scaling up to 100% at age 65.

<b>Volunteer Fire Department Pension Plan</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2015	\$ 1,148,060	\$ 518,665	\$ 629,395
Changes for the year:			
Service cost	18,559		18,559
Interest on total pension liability	80,186		80,186
Employer contributions		348,000	(348,000)
Net investment income (loss)		2,651	(2,651)
Benefit payments, including refund to employee contributions	(42,937)	(42,937)	-
Net changes	<u>55,808</u>	<u>307,714</u>	<u>(251,906)</u>
Balances as of June 30, 2016	<u>\$ 1,203,868</u>	<u>\$ 826,379</u>	<u>\$ 377,489</u>

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

The following presents the net pension liability of the Town, calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Police Employees Retirement Plan	\$ 12,006,049	\$ 8,409,232	\$ 5,395,352
Volunteer Fire Department Pension Plan	579,488	377,489	213,624

**Funding Status and Progress**

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

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

**Pension Plan Fiduciary Net Position**

	<b>Pension Trust Funds</b>		
	<b>Police Pension Trust Fund</b>	<b>Volunteer Fire Department Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
Assets:			
Cash and cash equivalents	\$ 538,682	\$ 15,598	\$ 554,280
Investments - mutual funds	9,578,799	372,669	9,951,468
Investments - bonds	11,184,080	438,112	11,622,192
Accounts receivable	77,853		77,853
Total assets	<u>21,379,414</u>	<u>826,379</u>	<u>22,205,793</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 21,379,414</u>	<u>\$ 826,379</u>	<u>\$ 22,205,793</u>

**Changes in Pension Net Position**

	<b>Pension Trust Funds</b>		
	<b>Police Pension Trust Fund</b>	<b>Volunteer Fire Department Pension Trust Fund</b>	<b>Total Pension Trust Funds</b>
Additions:			
Contributions:			
Employer	\$ 910,500	\$ 348,000	\$ 1,258,500
Plan members	280,850		280,850
Total contributions	<u>1,191,350</u>	<u>348,000</u>	<u>1,539,350</u>
Net investment income	<u>149,903</u>	<u>2,651</u>	<u>152,554</u>
Total additions	<u>1,341,253</u>	<u>350,651</u>	<u>1,691,904</u>
Deductions:			
Benefits	<u>1,564,499</u>	<u>42,937</u>	<u>1,607,436</u>
Total deductions	<u>1,564,499</u>	<u>42,937</u>	<u>1,607,436</u>
Net Increase (Decrease) in Net Position	(223,246)	307,714	84,468
Net Position at the Beginning of Year	<u>21,602,660</u>	<u>518,665</u>	<u>22,121,325</u>
Net Position at the End of Year	<u>\$ 21,379,414</u>	<u>\$ 826,379</u>	<u>\$ 22,205,793</u>



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

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

For the year ended June 30, 2016, the Town recognized pension expense of \$1,518,933. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Police Employees Retirement Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$	\$ 538,917
Changes of assumptions	785,002	
Net difference between projected and actual earning on pension plan investments	<u>1,969,284</u>	
Total	<u>\$ 2,754,286</u>	<u>\$ 538,917</u>

	<b>Volunteer Fire Department Pension Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$	\$ 30,971
Changes of assumptions	14,952	
Net difference between projected and actual earning on pension plan investments	<u>56,779</u>	
Total	<u>\$ 71,731</u>	<u>\$ 30,971</u>

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

**Year Ending June 30,**

2017	\$	645,861
2018		645,861
2019		645,858
2020		330,684
2021		(971)
Thereafter		(11,164)

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

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**B. Defined Contribution Plan**

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

The value of the plan at June 30, 2016 is \$388,946. There were 14 participants as of June 30, 2016. Employee contributions and investment earnings through the fiscal year ended June 30, 2016 totaled \$245,079 while employer contributions and earnings totaled \$143,867. Plan provisions and contribution requirements are established by the pension agreement negotiated between the town and police union and adopted by the Representative Town Meeting (RTM) in August 2011.

**C. Municipal Employees' Retirement System**

**Plan Description**

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

**Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**TOWN OF BRANFORD, CONNECTICUT  
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**Disability Retirement - Service Connected**

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

**Disability Retirement - Non-Service Connected**

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

**Death Benefit**

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

**Contributions**

*Member*

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

*Employer*

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

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

At June 30, 2016, the Town reports a liability of \$6,345,626 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2016, the Town's proportion was 3.292% percent. This represents a decrease in proportion from June 30, 2015 of 0.28%.

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

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For the year ended June 30, 2016, the Town recognized pension expense of \$1,969,578. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>
Town contributions after the measurement date	\$ 2,233,161
Change in proportional share	57,655
Net difference between projected and actual earnings on pension plan investments	<u>858,886</u>
Total	<u>\$ 3,149,702</u>

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

<u>Year Ended June 30,</u>	
2017	\$ 75,686
2018	75,686
2019	75,686
2020	<u>689,483</u>
Total	<u>\$ 916,541</u>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

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

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

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

**Discount Rate**

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town's proportionate share of the net pension liability	\$ 14,816,229	\$ 6,345,626	\$ (1,730,450)

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

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**Plan Fiduciary Net Position**

For the fiscal year ended June 30, 2015, the fiduciary net position of the MERS plan was restated to change the method of accounting for contributions receivable from a present value method to a gross method. The result of the restatement was to decrease the net pension liability and increase the July 1, 2014 fiduciary net position of the MERS plan by \$139,565,000. The effect on the Town's financial statements was to decrease the net pension liability and increase the government activities' net position as shown in Note 15.

**Payable to MERS**

In addition, the Town has recorded \$10,262 as a long-term payable to MERS at June 30, 2016. This amount represents prior service costs calculated when the Town entered the plan, as such, the Town has restated beginning net position. The effect of the restatement was to decrease beginning net position and increase accounts payable to MERS as shown in Note 15.

**D. Teachers Retirement**

**Plan Description**

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

**Benefit Provisions**

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

**Normal Retirement**

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

**Early Retirement**

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

**Disability Retirement**

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

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

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**Contributions**

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

*Employer (School Districts)*

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

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

*Employees*

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

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

At June 30, 2016, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>70,090,168</u>
Total	\$	<u><u>70,090,168</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. At June 30, 2016, the Town has no proportionate share of the net pension liability.

For the year ended June 30, 2016, the Town recognized pension expense and revenue of \$5,615,988 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increase	3.75-7.00%, including inflation
Investment rate of return	8.50%, net of pension plan investment expense, including inflation

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

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Mortality rates were based on the RP-2000 Combined Mortality Table projected 19 years using scale AA, with a two-year setback for males and females for the period after service retirement and for dependent beneficiaries.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2005 - June 30, 2010.

Future cost-of-living increases for members who retire on or after September 1, 1992 are assumed to be an annual cost-of-living adjustment of 2%.

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 8.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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



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

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**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at [www.ct.gov](http://www.ct.gov).

**Other Information**

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

**12. OTHER POSTEMPLOYMENT BENEFITS**

**A. Summary of Significant Accounting Policies**

**Basis of Accounting**

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

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

**B. Plan Description**

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

At July 1, 2014, plan membership consisted of the following:

	<b>Post-Retirement Medical Program</b>
Retired members and spouses	111
Active plan members	602
Total Participants	713

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

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**C. Funding Policy**

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

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

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

**D. Annual OPEB Cost and Net OPEB Obligations**

The Town’s annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town’s net OPEB obligation:

		<b>Retiree Benefit Program</b>
Annual required contribution (ARC)	\$	1,847,900
Interest on net OPEB obligation		(49,200)
Adjustment to annual required contribution		52,900
		1,851,600
Annual OPEB cost		1,851,600
Contributions made		1,560,200
		(291,400)
Decrease in net OPEB asset		(291,400)
Net OPEB asset at beginning of year		702,400
		411,000
Net OPEB Asset at End of Year	\$	411,000

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2016, 2015 and 2014, are presented below.

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Asset</b>
6/30/16	\$ 1,851,600	\$ 1,560,200	84.26%	\$ 411,000
6/30/15	1,839,800	1,808,700	98.31%	702,400
6/30/14	1,792,600	1,964,000	109.56%	733,500

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as accrual results are compared with past expectations and new estimates are made about the future. Projections for benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/10	\$ 4,134,000	\$ 17,271,300	\$ (13,137,300)	23.94%	\$ 39,028,800	(33.66%)
7/1/12	5,856,346	20,977,792	(15,121,446)	27.92%	39,169,500	(38.61%)
7/1/14	9,510,785	22,798,733	(13,287,948)	41.72%	48,861,400	(27.20%)

**Schedule of Employer Contributions**

<b>Annual Fiscal Year</b>	<b>Required Contribution</b>	<b>Percentage Contributed</b>
6/30/16	\$ 1,847,900	84.43%
6/30/15	1,835,900	98.52%
6/30/14	1,790,500	109.69%
6/30/13	1,651,000	95.97%
6/30/12	1,613,400	79.09%
6/30/11	1,997,300	75.27%

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

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.00% investment rate of return as a trust fund is in existence, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 0% to 4.2%. The general inflation assumption is 9% for 2012, declining 1% per year until 2016, where it is carried at 5% for 2016 and future years. The UAAL is being amortized as a level percentage of projected unit credit on an open basis.

**13. FUND BALANCES**

The components of fund balance for the governmental funds at June 30, 2016 are as follows:

	<b>Major Special Revenue Funds</b>			<b>Nonmajor Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Sewer Assessment</b>		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 33,689	\$ 33,689
Prepaid items	16,297				16,297
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		13,668,527	2,575,131		16,243,658
Unspent grant balances				2,870,695	2,870,695
Permanent funds				197,487	197,487
Committed to:					
Public works lease	2,971				2,971
General government				426,261	426,261
Public safety				173,739	173,739
Public works and highway				1,708,892	1,708,892
Parks, recreation and libraries				645,666	645,666
Health and human services				701,373	701,373
Education	61,546			7,088	68,634
Assigned to:					
Subsequent year's budget	2,825,000				2,825,000
Purchases on order	425,167				425,167
Unassigned	<u>21,286,883</u>			<u>(12,722)</u>	<u>21,274,161</u>
Total Fund Balances	<u>\$ 24,617,864</u>	<u>\$ 13,668,527</u>	<u>\$ 2,575,131</u>	<u>\$ 6,852,588</u>	<u>\$ 47,714,110</u>

Significant encumbrances of \$472,519, \$4,072,412, \$1,188 and \$530,470 at June 30, 2016 are contained in the above table in the committed and assigned categories of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Sewer Assessment Fund, and the restricted and committed categories of the Nonmajor Governmental Funds, respectively.

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

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**14. LITIGATION**

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

**15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT**

The following restatements were recorded as described in Note 11C:

	<u>Net Position</u>	<u>Net Pension Liability</u>	<u>Payable to MERS</u>
Balance at June 30, 2015, as previously reported	\$ 127,750,689	\$ 14,726,387	\$ -
Adjustments:			
Change in method of accounting for contributions	3,748,888	(3,748,888)	
Payable related to prior service costs	<u>(11,728)</u>		<u>11,728</u>
Balance at July 1, 2015, as Restated	<u>\$ 131,487,849</u>	<u>\$ 10,977,499</u>	<u>\$ 11,728</u>

**16. SUBSEQUENT EVENTS**

On December 22, 2016, the Town issued \$5,305,000 of general obligation bond anticipation notes with an interest rate of 2.5% maturing on September 21, 2017.

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 91,648,067	\$ 91,648,067	\$ 92,889,024	\$ 1,240,957
Interest Income	470,000	470,000	624,619	154,619
Lien Fees	6,200	6,200	6,646	446
Suspense Collections	6,100	6,100	7,927	1,827
Delinquent Taxes	940,000	940,000	948,311	8,311
Warrant Fees	200	200	719	519
Returned Check Fees	25	25	145	120
Attorney Fees	500	500	3,315	2,815
Motor Vehicle Fees			3,434	3,434
Total taxes	<u>93,071,092</u>	<u>93,071,092</u>	<u>94,484,140</u>	<u>1,413,048</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,911,260	1,911,260	2,116,669	205,409
School Transportation	72,554	72,554	64,103	(8,451)
Health and Welfare	7,000	7,000	6,737	(263)
Principal Subsidy	49,104	49,104	49,105	1
Interest Subsidy	5,130	5,130	5,130	-
Circuit Breaker Elderly	200,000	200,000	215,364	15,364
Elderly Tax Relief - Freeze	8,000	8,000	6,000	(2,000)
Disability Exemption	2,700	2,700	2,732	32
Veterans' Reimbursement	26,357	26,357	26,595	238
Pequot Grant	57,632	57,632	56,504	(1,128)
Private Property Exemption	113,146	113,146		(113,146)
State Property Exemption	55,695	55,695		(55,695)
Miscellaneous State Grants	40,000	40,000	29,427	(10,573)
Wildlife Refuge			4,162	4,162
North Branford Probate Fees	4,000	4,000	4,462	462
North Branford Sewer Fees	175,000	175,000	229,925	54,925
Total intergovernmental revenues	<u>2,727,578</u>	<u>2,727,578</u>	<u>2,816,915</u>	<u>89,337</u>

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**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 470,000	\$ 470,000	\$ 542,764	\$ 72,764
Excavation Permits	4,400	4,400	7,425	3,025
Sewer Connection Permits			165	165
Zoning Board of Appeals	2,000	2,000	2,525	525
Planning and Zoning	23,000	23,000	18,733	(4,267)
Planning and Zoning - DEP Costs	400	400	556	156
Map Copies - Building and Engineering	1,025	1,025	2,602	1,577
Inland Wetlands Applications	12,000	12,000	30,805	18,805
DEP Application Costs			50	50
Education Fee	230	230	494	264
Transfer Station Escrow	90,000	90,000	139,933	49,933
Trip Passes	1,500	1,500	2,761	1,261
Sticker Revenue	10,000	10,000	22,391	12,391
Electrical Revenue Share			18,624	18,624
Permits and Tags - Police	22,000	22,000	3,725	(18,275)
Special Wages - Police	500,000	500,000	519,503	19,503
Fingerprinting Fees			20,153	20,153
False Alarm Fees	6,000	6,000	6,400	400
Pump Out Services	5,000	5,000	7,350	2,350
Town Clerk Other Monies	340,000	340,000	345,177	5,177
Conveyance Taxes	283,000	283,000	398,860	115,860
DEP Licenses - Town Portion	350	350	364	14
Marriage Licenses - Town Portion	2,500	2,500	2,761	261
Dog Licenses	4,000	4,000	4,392	392
Ambulance Service Fees	1,560,000	1,560,000	1,747,404	187,404
Miscellaneous Permits and Fees - Fire Services	1,900	1,900	865	(1,035)
E-Commerce Revenue Share	3,000	3,000	13,023	10,023
Total licenses, permits and fees	<u>3,342,305</u>	<u>3,342,305</u>	<u>3,859,805</u>	<u>517,500</u>
Interest Income	<u>78,000</u>	<u>78,000</u>	<u>160,697</u>	<u>82,697</u>
Other:				
Willoughby - Wallace Library Fees	6,000	6,000	2,531	(3,469)
Willoughby - Passport Fees	13,000	13,000	6,410	(6,590)
Employee Health Insurance Co-pay	405,000	405,000	548,391	143,391
In Lieu of Taxes - Telephone Access	90,000	90,000	80,891	(9,109)

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**TOWN OF BRANFORD, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 245,000	\$ 245,000	\$ 265,087	\$ 20,087
Leases	20,000	20,000	27,206	7,206
Elderly Services - Building Usage	1,300	1,300	1,750	450
NGO Revenue			325	325
Recreation Department - Building Usage			500	500
Foote Family Charitable Trust		75,000	75,000	-
Insurance Claims and Refunds	20,000	20,000	85,377	65,377
Miscellaneous Refunds			17,966	17,966
Miscellaneous Income	30,000	30,000	310,901	280,901
Sale of Town Property	115,000	115,000	109,471	(5,529)
Commerce Bank Revenue Share	5,000	5,000	18,737	13,737
Returned Check Fees			115	115
Under Liquidated Encumbrances			36,228	36,228
Total other	<u>950,300</u>	<u>1,025,300</u>	<u>1,586,886</u>	<u>561,586</u>
Total revenues	100,169,275	100,244,275	102,908,443	2,664,168
Other Financing Sources:				
Transfers in	<u>597,452</u>	<u>597,452</u>	<u>597,452</u>	<u>-</u>
Total Revenue and Other Financing Sources	<u>\$ 100,766,727</u>	<u>\$ 100,841,727</u>	103,505,895	<u>\$ 2,664,168</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			5,615,988	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(36,228)	
The Town does not budget for Board of Education severance fund revenues.			87	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			<u>421,275</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 109,507,017</u>	



**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 18,073	\$ 18,073	\$ 17,857	\$ 216
Executive	343,760	350,910	346,488	4,422
Finance	73,436	84,436	81,337	3,099
Treasurer	423,427	423,427	414,579	8,848
Assessor	404,069	404,069	390,656	13,413
Review of Assessment	17,766	17,766	10,571	7,195
Tax Collector	297,169	250,169	216,955	33,214
Town Clerk	245,050	245,050	232,392	12,658
Law	299,250	402,670	402,604	66
Labor Relations Negotiations	70,000	70,000	48,037	21,963
Probate Court	10,700	14,950	14,016	934
Elections	143,522	154,548	154,388	160
Planning and Zoning	290,639	290,639	283,725	6,914
Zoning Board of Appeals	8,622	8,622	6,429	2,193
Economic Development Commission	15,880	15,880	15,504	376
Inland Wetlands Commission	122,332	122,332	121,506	826
General Government Buildings	1,062,099	1,042,099	896,082	146,017
Cable Television	4,200	4,200	4,115	85
Information Technology	667,774	667,774	645,233	22,541
Human Resources	254,813	254,813	198,784	56,029
Total	<u>4,772,581</u>	<u>4,842,427</u>	<u>4,501,258</u>	<u>341,169</u>
Public Safety:				
Police Service	6,091,801	6,084,333	5,810,027	274,306
Police Service - Special Detail	500,000	500,000	385,360	114,640
Fire Protection	5,153,485	5,220,798	5,192,711	28,087
Building Department	170,489	170,489	169,660	829
Total	<u>11,915,775</u>	<u>11,975,620</u>	<u>11,557,758</u>	<u>417,862</u>
Public Works and Highways:				
Public Works	2,367,332	2,367,332	2,175,920	191,412
Sanitation and Waste	2,542,091	2,542,091	2,338,542	203,549
General Engineering	313,060	320,771	313,958	6,813
Total	<u>5,222,483</u>	<u>5,230,194</u>	<u>4,828,420</u>	<u>401,774</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation:				
Branford Recreation Department	\$ 880,137	\$ 955,137	\$ 931,999	\$ 23,138
Parker Park	71,465	71,465	61,604	9,861
Young's Park Commission	8,818	8,818	8,291	527
Docks and Recreational Facilities	20,309	20,309	19,204	1,105
Public Celebration	32,309	32,309	31,838	471
Conservation Commission	6,588	6,588	1,167	5,421
Total	<u>1,019,626</u>	<u>1,094,626</u>	<u>1,054,103</u>	<u>40,523</u>
Libraries:				
James Blackstone Memorial Library	1,282,711	1,282,711	1,282,711	-
Willoughby-Wallace Library	224,614	224,614	215,425	9,189
Total	<u>1,507,325</u>	<u>1,507,325</u>	<u>1,498,136</u>	<u>9,189</u>
Health and Welfare:				
Commission for the Elderly	376,154	376,154	356,333	19,821
East Shore District Health	222,701	222,701	222,691	10
Total	<u>598,855</u>	<u>598,855</u>	<u>579,024</u>	<u>19,831</u>
Board of Education	<u>53,227,923</u>	<u>53,132,182</u>	<u>53,101,882</u>	<u>30,300</u>
Pension and Insurance:				
Pension and Contributions	4,061,023	4,341,023	4,001,183	339,840
Employee Group Insurance	6,379,954	6,379,954	6,379,947	7
Municipal Insurance	1,968,512	3,528,512	3,500,683	27,829
Contingency	518,874	102,129		102,129
Total	<u>12,928,363</u>	<u>14,351,618</u>	<u>13,881,813</u>	<u>469,805</u>
Debt Service:				
Principal Retirement	6,969,131	6,969,131	6,954,130	15,001
Interest and Fiscal Charges	1,197,460	1,197,460	1,064,664	132,796
Total	<u>8,166,591</u>	<u>8,166,591</u>	<u>8,018,794</u>	<u>147,797</u>
Total expenditures	<u>99,359,522</u>	<u>100,899,438</u>	<u>99,021,188</u>	<u>1,878,250</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 108,019	\$ 108,019	\$ 108,019	\$ -
Special Programs Fund		8,713	8,713	-
Cafeteria Fund		60,000	60,000	-
Building Usage Fund		35,741	35,741	-
Sewer Utility Fund	600,000	600,000	600,000	-
Human Services Fund	960,388	960,388	960,388	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Revaluation Fund	110,000	110,000	110,000	-
Ambulance	70,000	70,000	70,000	-
Fire Apparatus	125,000	125,000	125,000	-
Elderly Vehicles	30,000	30,000	30,000	-
Communications Fund	50,000	50,000	50,000	-
DPW Apparatus	280,000	280,000	280,000	-
Capital Procurement Fund	1,871,998	2,067,628	2,067,628	-
Total other financing uses	<u>4,232,205</u>	<u>4,532,289</u>	<u>4,532,289</u>	<u>-</u>
Total Budgeted Operations	\$ <u>103,591,727</u>	\$ <u>105,431,727</u>	103,553,477	\$ <u>1,878,250</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			5,615,988	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			421,275	
The Town does not budget for Lease fund expenditures.			253,136	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(252,043)	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			<u>57,507</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>109,649,340</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total pension liability:			
Service cost	\$ 579,898	\$ 600,194	\$ 621,201
Interest	1,838,139	1,906,563	1,990,048
Changes of benefit terms			
Differences between expected and actual experience			(680,737)
Changes of assumptions			991,581
Benefit payments, including refunds of member contributions	<u>(1,519,089)</u>	<u>(1,400,569)</u>	<u>(1,564,499)</u>
Net change in total pension liability	898,948	1,106,188	1,357,594
Total pension liability - beginning	<u>26,425,916</u>	<u>27,324,864</u>	<u>28,431,052</u>
Total pension liability - ending	<u>27,324,864</u>	<u>28,431,052</u>	<u>29,788,646</u>
Plan fiduciary net position:			
Contributions - employer	920,000	898,000	910,500
Contributions - member	282,016	301,069	280,850
Net investment income	2,255,408	40,613	149,903
Benefit payments, including refunds of member contributions	<u>(1,519,089)</u>	<u>(1,400,569)</u>	<u>(1,564,499)</u>
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,246)
Plan fiduciary net position - beginning	<u>19,825,212</u>	<u>21,763,547</u>	<u>21,602,660</u>
Plan fiduciary net position - ending	<u>21,763,547</u>	<u>21,602,660</u>	<u>21,379,414</u>
Net Pension Liability - Ending	<u>\$ 5,561,317</u>	<u>\$ 6,828,392</u>	<u>\$ 8,409,232</u>
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%
Covered-employee payroll	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246
Net pension liability as a percentage of covered-employee payroll	160.64%	197.24%	235.14%

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

	<u>2015</u>	<u>2016</u>
Total pension liability:		
Service cost	\$ 13,044	\$ 18,559
Interest	77,644	80,186
Differences between expected and actual experience	(34,725)	
Changes of assumptions	16,764	
Benefit payments, including refunds of member contributions	<u>(40,957)</u>	<u>(42,937)</u>
Net change in total pension liability	31,770	55,808
Total pension liability - beginning	<u>1,116,290</u>	<u>1,148,060</u>
Total pension liability - ending	<u>1,148,060</u>	<u>1,203,868</u>
Plan fiduciary net position:		
Contributions - employer	62,000	348,000
Net investment income (loss)	(192)	2,651
Benefit payments, including refunds of member contributions	<u>(40,957)</u>	<u>(42,937)</u>
Net change in plan fiduciary net position	20,851	307,714
Plan fiduciary net position - beginning	<u>497,814</u>	<u>518,665</u>
Plan fiduciary net position - ending	<u>518,665</u>	<u>826,379</u>
Net Pension Liability - Ending	<u>\$ 629,395</u>	<u>\$ 377,489</u>
Plan fiduciary net position as a percentage of the total pension liability	45.18%	68.64%
Covered-employee payroll	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	0.00%	0.00%

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 724,592	\$ 781,134	\$ 773,105	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106
Contributions in relation to the actuarial determined contribution	<u>784,950</u>	<u>802,960</u>	<u>806,769</u>	<u>1,101,866</u>	<u>887,078</u>	<u>960,000</u>	<u>922,000</u>	<u>920,000</u>	<u>898,000</u>	<u>910,500</u>
Contribution Deficiency (Excess)	\$ <u>(60,358)</u>	\$ <u>(21,826)</u>	\$ <u>(33,664)</u>	\$ <u>(308,124)</u>	\$ <u>127,025</u>	\$ <u>81,413</u>	\$ <u>(32,368)</u>	\$ <u>(16,837)</u>	\$ <u>(894)</u>	\$ <u>(13,394)</u>
Covered-employee payroll	\$ 3,353,416	\$ 3,506,873	\$ 3,506,876	\$ 3,993,027	\$ 3,993,027	\$ 4,217,112	\$ 4,217,112	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246
Contributions as a percentage of covered-employee payroll	23.41%	22.90%	23.01%	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%	25.46%

**Notes to Schedule**

Valuation Date: July 1, 2015

Measurement Date: June 30, 2016

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary - Closed
Remaining amortization period	17 Years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	3.00%
Salary increases	Scaled from 9.50% down to 3.5% based on years of service.
Investment rate of return	7.00%
Retirement age	Scaled based on age from 20% at age 25 to 100% at age 40
Mortality	RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2015

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

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

**Notes to Schedule**

Valuation Date: January 1, 2015  
 Measurement Date: June 30, 2015  
 Actuarially determined contribution rates are calculated as of January 1,  
 two years prior to the end of the fiscal year in which contributions  
 are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary
Remaining amortization period	14 years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	3.00%
Salary increases	Volunteer fire plan, no salary
Investment rate of return	7.00%
Retirement age	Scaled based on age from 50% at age 65 to 100% at age 70
Mortality	RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2015.

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

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	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	11.25%	0.18%	0.66%



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

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	<u>2015</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	-0.04%	0.44%

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

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>64,784,314</u>	<u>70,090,168</u>
Total	<u>\$ 64,784,314</u>	<u>\$ 70,090,168</u>
Town's covered-employee payroll	\$ 22,361,702	\$ 25,437,705
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability (asset)	61.51%	59.50%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2011, rates of withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2010.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	22.4 years
Asset valuation method	4-year smoothed market

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$ 1,006,879	\$ 1,107,502	\$ 1,153,600	\$ 1,303,939	\$ 1,683,907	\$ 2,065,555	\$ 2,144,563	\$ 2,224,976	\$ 2,284,715	\$ 2,233,161
Contributions in relation to the actuarially determined contribution	<u>1,006,879</u>	<u>1,107,502</u>	<u>1,153,600</u>	<u>1,303,939</u>	<u>1,683,907</u>	<u>2,065,555</u>	<u>2,144,563</u>	<u>2,224,976</u>	<u>2,284,715</u>	<u>2,233,161</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 14,281,972	\$ 14,727,420	\$ 15,218,997	\$ 15,843,730	\$ 15,915,945	\$ 16,149,765	\$ 16,458,657	\$ 16,641,556	\$ 16,787,032	\$ 18,444,678
Contributions as a percentage of covered employee payroll	7.05%	7.52%	7.58%	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%	12.11%

**Notes to Schedule**

Valuation date: June 30, 2014  
Measurement date: June 30, 2015  
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method: Entry Age  
Amortization method: Level dollar, closed  
Single equivalent amortization period: 27 years  
Asset valuation method: 5 years smoothed market (20% write up)  
Inflation: 3.25%  
Salary increases: 4.25% - 11%, including inflation  
Investment rate of return: 8%, net of investment related expense  
Changes in assumptions: In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

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

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability	3.57%	3.29%
Town's proportionate share of the net pension liability	\$ 3,519,712	\$ 6,345,626
Town's covered-employee payroll	\$ 16,787,032	\$ 18,444,678
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.97%	34.40%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	26 years
Asset valuation method	5-year smoothed market

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
COMPARATIVE BALANCE SHEET  
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,397,294	\$ 35,811,869
Investments	7,742,264	4,988,360
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2016 and 2015	3,062,583	2,813,479
Interest	1,183,780	1,092,820
Intergovernmental	291,368	301,014
Other	565,273	893,988
Prepaid items	<u>16,297</u>	<u>17,227</u>
Total Assets	<u>\$ 44,258,859</u>	<u>\$ 45,918,757</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,542,059	\$ 3,417,701
Due to other funds	5,519,009	5,139,195
Unearned revenue	727,605	1,018,617
Other	<u>149,763</u>	<u>106,567</u>
Total liabilities	<u>8,938,436</u>	<u>9,682,080</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	2,869,073	2,356,212
Unavailable revenue - interest on property taxes	1,183,780	1,092,820
Unavailable revenue - school building grants	61,443	110,548
Advance property tax collections	<u>6,588,263</u>	<u>7,916,910</u>
Total deferred inflows of resources	<u>10,702,559</u>	<u>11,476,490</u>
Fund Balance:		
Nonspendable	16,297	17,227
Committed	64,517	65,523
Assigned	3,250,167	3,177,321
Unassigned	<u>21,286,883</u>	<u>21,500,116</u>
Total fund balance	<u>24,617,864</u>	<u>24,760,187</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 44,258,859</u>	<u>\$ 45,918,757</u>

**TOWN OF BRANFORD, CONNECTICUT  
 GENERAL FUND  
 REPORT OF TAX COLLECTOR  
 FOR THE YEAR ENDED JUNE 30, 2016**

Grand List	Uncollected Taxes July 1, 2015	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2016	
						Taxes	Interest	Liens		Total
2000	\$ 21,110	\$	\$ (21,110)	\$	\$ -	\$	\$	\$	\$ -	
2001	23,409				23,409				-	23,409
2002	44,283				44,283	9,809	4,851	48	14,708	34,474
2003	48,090				48,090	10,304	4,684	48	15,036	37,786
2004	47,628				47,628	9,067	3,700	48	12,815	38,561
2005	46,671				46,671	9,655	3,525	48	13,228	37,016
2006	51,907				51,907	9,544	1,079	48	10,671	42,363
2007	61,356				61,356	10,560	873	96	11,529	50,796
2008	90,329				90,329	10,246	463	48	10,757	80,083
2009	107,935				107,935	16,984	7,566	74	24,624	90,951
2010	292,760	357		(105,182)	187,935	63,968	38,049	288	102,305	123,967
2011	441,879	(5,482)			436,397	123,988	60,324	606	184,918	312,409
2012	668,723	66,573			735,296	272,342	96,869	1,474	370,685	462,954
2013	1,381,016	73,142			1,454,158	665,598	145,472	4,761	815,831	788,560
2014	94,451,826	(109,931)			94,341,895	92,889,024	244,783	3,077	93,136,884	1,452,871
	<u>\$ 97,778,922</u>	<u>\$ 24,659</u>	<u>\$ (21,110)</u>	<u>\$ (105,182)</u>	<u>\$ 97,677,289</u>	94,101,089	612,238	10,664	94,723,991	<u>\$ 3,576,200</u>
						Suspense Collections	7,927	12,381	146	20,454
						Total	<u>\$ 94,109,016</u>	<u>\$ 624,619</u>	<u>\$ 10,810</u>	<u>\$ 94,744,445</u>

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
COMBINING BALANCE SHEET  
JUNE 30, 2016**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 31,332,777	\$ 61,546	\$ 2,971	\$ -	\$ 31,397,294
Investments	7,742,264				7,742,264
Receivables, net	5,103,004				5,103,004
Other assets	16,297				16,297
Total Assets	<u>\$ 44,194,342</u>	<u>\$ 61,546</u>	<u>\$ 2,971</u>	<u>\$ -</u>	<u>\$ 44,258,859</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 2,542,059	\$ -	\$ -	\$ -	\$ 2,542,059
Due to other funds	5,519,009				5,519,009
Unearned revenue	727,605				727,605
Other	149,763				149,763
Total liabilities	<u>8,938,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,938,436</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,869,073				2,869,073
Unavailable revenue - interest on property taxes	1,183,780				1,183,780
Unavailable revenue - school building grants	61,443				61,443
Advance property tax collections	6,588,263				6,588,263
Total deferred inflows of resources	<u>10,702,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,702,559</u>
Fund Balances:					
Nonspendable	16,297				16,297
Committed		61,546	2,971		64,517
Assigned	3,250,167				3,250,167
Unassigned	21,286,883				21,286,883
Total fund balances	<u>24,553,347</u>	<u>61,546</u>	<u>2,971</u>	<u>-</u>	<u>24,617,864</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 44,194,342</u>	<u>\$ 61,546</u>	<u>\$ 2,971</u>	<u>\$ -</u>	<u>\$ 44,258,859</u>

**TOWN OF BRANFORD, CONNECTICUT  
GENERAL FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:					
Property taxes	\$ 94,484,140	\$	\$	\$	\$ 94,484,140
Intergovernmental	8,854,178				8,854,178
Charges for services	3,859,805				3,859,805
Income on investments	160,697	87			160,784
Miscellaneous	1,550,658				1,550,658
Total revenues	<u>108,909,478</u>	<u>87</u>	<u>-</u>	<u>-</u>	<u>108,909,565</u>
Expenditures:					
Current:					
General government	4,500,695		34,852		4,535,547
Public safety	11,606,349				11,606,349
Public works and highway	4,843,322		131,304		4,974,626
Parks, recreation and libraries	2,551,438				2,551,438
Health and human services	577,517				577,517
Education	59,139,145		86,980		59,226,125
Pension and insurance	13,878,697				13,878,697
Debt service	8,018,795				8,018,795
Total expenditures	<u>105,115,958</u>	<u>-</u>	<u>253,136</u>	<u>-</u>	<u>105,369,094</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,793,520</u>	<u>87</u>	<u>(253,136)</u>	<u>-</u>	<u>3,540,471</u>
Other Financing Sources (Uses):					
Transfers in	597,452		252,043	(252,043)	597,452
Transfers out	(4,532,289)			252,043	(4,280,246)
Total other financing sources (uses)	<u>(3,934,837)</u>	<u>-</u>	<u>252,043</u>	<u>-</u>	<u>(3,682,794)</u>
Net Change in Fund Balances	(141,317)	87	(1,093)	-	(142,323)
Fund Balances at Beginning of Year	<u>24,694,664</u>	<u>61,459</u>	<u>4,064</u>	<u>-</u>	<u>24,760,187</u>
Fund Balances at End of Year	<u>\$ 24,553,347</u>	<u>\$ 61,546</u>	<u>\$ 2,971</u>	<u>\$ -</u>	<u>\$ 24,617,864</u>



**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016**

	Special Revenue									
	Board of Education									
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage	Small Cities Fund	Town Aid Road	Pass Through Grants
<b>ASSETS</b>										
Cash and cash equivalents	\$ 10,643	\$ 35,816	\$ 414,139	\$ 444,902	\$ 102,918	\$ 140	\$ 4,432	\$ 313,406	\$ 1,438,048	\$ 788,032
Investment										
Accounts receivable	6,143						400,406			
Intergovernmental receivable				291,540	62,579					
Due from other funds				96,002						
Inventory					33,689					
<b>Total Assets</b>	<b>\$ 16,786</b>	<b>\$ 35,816</b>	<b>\$ 414,139</b>	<b>\$ 832,444</b>	<b>\$ 199,186</b>	<b>\$ 140</b>	<b>\$ 4,432</b>	<b>\$ 713,812</b>	<b>\$ 1,438,048</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable	\$	\$ 8,345	\$ 15,489	\$ 192,524	\$ 178,219	\$	\$	\$ 276,068	\$	\$ 34,279
Due to other funds										
Unearned revenue				461,452						243,040
Total liabilities	-	8,345	15,489	653,976	178,219	-	-	276,068	-	277,319
Deferred Inflows of Resources:										
Unavailable revenue - special assessments	6,143									
Unavailable revenue - loans receivable							400,406			
Total deferred inflows of resources	6,143	-	-	-	-	-	400,406	-	-	-
Fund Balance:										
Nonspendable					33,689					
Restricted				178,468			37,338	1,438,048		
Committed	10,643	27,471	398,650			140	4,432			510,713
Unassigned					(12,722)					
Total fund balance	10,643	27,471	398,650	178,468	20,967	140	4,432	37,338	1,438,048	510,713
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 16,786</b>	<b>\$ 35,816</b>	<b>\$ 414,139</b>	<b>\$ 832,444</b>	<b>\$ 199,186</b>	<b>\$ 140</b>	<b>\$ 4,432</b>	<b>\$ 713,812</b>	<b>\$ 1,438,048</b>	<b>\$ -</b>

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**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2016**

	<b>Special Revenue</b>										
	<b>Special Programs</b>	<b>Counseling Center</b>	<b>Willoughby Wallace Library</b>	<b>Elderly Commission</b>	<b>Animal Control</b>	<b>Foote</b>	<b>Sewer Utility Fund</b>	<b>FEMA Fund</b>	<b>LOCIP Fund</b>	<b>Human Services Fund</b>	<b>Total</b>
<b>ASSETS</b>											
Cash and cash equivalents	\$ 1,158,759	\$ 56,059	\$ 16,764	\$ 469,038	\$ 188,039	\$ 2,656	\$ 726,632	\$ 103,140	\$	\$ 223,973	\$ 6,497,536
Investment			118,514				545,215				663,729
Accounts receivable							183,581				590,130
Intergovernmental receivable	2,560						479,434		367,514	138,979	1,342,606
Due from other funds	9,272	13,863		1,187			368,235				488,559
Inventory											33,689
<b>Total Assets</b>	<b>\$ 1,170,591</b>	<b>\$ 69,922</b>	<b>\$ 135,278</b>	<b>\$ 470,225</b>	<b>\$ 188,039</b>	<b>\$ 2,656</b>	<b>\$ 2,303,097</b>	<b>\$ 103,140</b>	<b>\$ 367,514</b>	<b>\$ 362,952</b>	<b>\$ 9,616,249</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 56,890	\$ 7,812	\$ 325	\$ 141	\$ 14,300	\$	\$ 136,255	\$	\$	\$ 57,029	\$ 977,676
Due to other funds							280,000		367,514	13,863	661,377
Unearned revenue										122,881	827,373
<b>Total liabilities</b>	<b>56,890</b>	<b>7,812</b>	<b>325</b>	<b>141</b>	<b>14,300</b>	<b>-</b>	<b>416,255</b>	<b>-</b>	<b>367,514</b>	<b>193,773</b>	<b>2,466,426</b>
<b>Deferred Inflows of Resources:</b>											
Unavailable revenue - special assessments							188,593				194,736
Unavailable revenue - loans receivable											400,406
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>188,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,142</b>
<b>Fund Balance:</b>											
Nonspendable											33,689
Restricted	1,113,701							103,140			2,870,695
Committed		62,110	134,953	470,084	173,739	2,656	1,698,249			169,179	3,663,019
Unassigned											(12,722)
<b>Total fund balance</b>	<b>1,113,701</b>	<b>62,110</b>	<b>134,953</b>	<b>470,084</b>	<b>173,739</b>	<b>2,656</b>	<b>1,698,249</b>	<b>103,140</b>	<b>-</b>	<b>169,179</b>	<b>6,554,681</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,170,591</b>	<b>\$ 69,922</b>	<b>\$ 135,278</b>	<b>\$ 470,225</b>	<b>\$ 188,039</b>	<b>\$ 2,656</b>	<b>\$ 2,303,097</b>	<b>\$ 103,140</b>	<b>\$ 367,514</b>	<b>\$ 362,952</b>	<b>\$ 9,616,249</b>

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**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
JUNE 30, 2016**

	Permanent Fund						Transfers/ Interfunds	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total		
<b>ASSETS</b>								
Cash and cash equivalents	\$ 5,106	\$ 4,453	\$ 5,190	\$ 35,843	\$ 60,350	\$ 110,942	\$ -	\$ 6,608,478
Investment	186,965	-	-	-	-	186,965	-	850,694
Accounts receivable	-	-	-	-	-	-	-	590,130
Intergovernmental receivable	-	-	-	-	-	-	-	1,342,606
Due from other funds	-	-	-	-	-	-	(368,235)	120,324
Inventory	-	-	-	-	-	-	-	33,689
<b>Total Assets</b>	<b>\$ 192,071</b>	<b>\$ 4,453</b>	<b>\$ 5,190</b>	<b>\$ 35,843</b>	<b>\$ 60,350</b>	<b>\$ 297,907</b>	<b>\$ (368,235)</b>	<b>\$ 9,545,921</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 977,676
Due to other funds	-	-	-	-	-	-	(368,235)	293,142
Unearned revenue	-	-	-	-	-	-	-	827,373
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(368,235)</b>	<b>2,098,191</b>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments	-	-	-	-	-	-	-	194,736
Unavailable revenue - loans receivable	-	-	-	-	-	-	-	400,406
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>595,142</b>
Fund Balance:								
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420	-	134,109
Restricted	190,571	453	190	5,843	430	197,487	-	3,068,182
Committed	-	-	-	-	-	-	-	3,663,019
Unassigned	-	-	-	-	-	-	-	(12,722)
<b>Total fund balance</b>	<b>192,071</b>	<b>4,453</b>	<b>5,190</b>	<b>35,843</b>	<b>60,350</b>	<b>297,907</b>	<b>-</b>	<b>6,852,588</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 192,071</b>	<b>\$ 4,453</b>	<b>\$ 5,190</b>	<b>\$ 35,843</b>	<b>\$ 60,350</b>	<b>\$ 297,907</b>	<b>\$ (368,235)</b>	<b>\$ 9,545,921</b>

**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Special Revenue										
	Board of Education						Small Cities	Town Aid Road	Pass Through Grants	Park and Recreation	
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency					Building Usage
Revenues:											
Assessment income	\$ 404	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Intergovernmental revenues				3,030,202	539,314			306,325	728,396	359,693	
Sales and services		60,038	477,027		17,401			21,010		428,694	
Investment income		3	61					52	827	582	
Other	40									38,661	
Sale of food					614,690						
Total revenues	<u>444</u>	<u>60,041</u>	<u>477,088</u>	<u>3,030,202</u>	<u>1,171,405</u>	<u>-</u>	<u>-</u>	<u>327,387</u>	<u>729,223</u>	<u>359,693</u>	<u>467,937</u>
Expenditures:											
Current:											
General government											
Public safety											
Public works and highway									624,459		
Parks, recreation and libraries										450,173	
Health and human services								306,425		359,693	
Education		58,113	439,752	3,382,488	1,274,613		35,741				
Capital outlay											
Total expenditures	<u>-</u>	<u>58,113</u>	<u>439,752</u>	<u>3,382,488</u>	<u>1,274,613</u>	<u>-</u>	<u>35,741</u>	<u>306,425</u>	<u>624,459</u>	<u>359,693</u>	<u>450,173</u>
Excess (Deficiency) of Revenues over Expenditures	444	1,928	37,336	(352,286)	(103,208)	-	(35,741)	20,962	104,764	-	17,764
Other Financing Sources (Uses):											
Transfers in					60,000		35,741				
Transfers out											
Net Change in Fund Balances	444	1,928	37,336	(352,286)	(43,208)	-	-	20,962	104,764	-	17,764
Fund Balances at Beginning of Year	10,199	25,543	361,314	530,754	64,175	140	4,432	16,376	1,333,284		492,949
Fund Balances at End of Year	<u>\$ 10,643</u>	<u>\$ 27,471</u>	<u>\$ 398,650</u>	<u>\$ 178,468</u>	<u>\$ 20,967</u>	<u>\$ 140</u>	<u>\$ 4,432</u>	<u>\$ 37,338</u>	<u>\$ 1,438,048</u>	<u>\$ -</u>	<u>\$ 510,713</u>

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**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Special Revenue</b>										
	<b>Special Programs</b>	<b>Counseling Center</b>	<b>Willoughby Wallace Library</b>	<b>Elderly Commission</b>	<b>Animal Control</b>	<b>Foote</b>	<b>Sewer Utility Fund</b>	<b>FEMA Fund</b>	<b>LOCIP Fund</b>	<b>Human Services Fund</b>	<b>Total</b>
Revenues:											
Assessment income	\$						\$ 2,661,409				\$ 2,661,813
Intergovernmental revenues	476,392		309		109,472		156,366	1,179		122,322	5,829,970
Sales and services	17,500				43,402		639,181			450,157	2,154,410
Investment income	559	78	10,141	1,187	85		968				14,543
Other	501,534	99,819	13,445	8,408	8,197		4,616		367,514		1,042,234
Sale of food											614,690
Total revenues	<u>995,985</u>	<u>99,897</u>	<u>23,895</u>	<u>9,595</u>	<u>161,156</u>	<u>-</u>	<u>3,462,540</u>	<u>1,179</u>	<u>367,514</u>	<u>572,479</u>	<u>12,317,660</u>
Expenditures:											
Current:											
General government	58,870										58,870
Public safety	258,531				247,145						505,676
Public works and highway	180,437						2,642,507	11,994			3,459,397
Parks, recreation and libraries			10,644								460,817
Health and human services	124,453	91,514		4,629						1,363,688	2,250,402
Education	110,736					21,475					5,322,918
Capital outlay									367,514		367,514
Total expenditures	<u>733,027</u>	<u>91,514</u>	<u>10,644</u>	<u>4,629</u>	<u>247,145</u>	<u>21,475</u>	<u>2,642,507</u>	<u>11,994</u>	<u>367,514</u>	<u>1,363,688</u>	<u>12,425,594</u>
Excess (Deficiency) of Revenues over Expenditures	262,958	8,383	13,251	4,966	(85,989)	(21,475)	820,033	(10,815)	-	(791,209)	(107,934)
Other Financing Sources (Uses):											
Transfers in	8,713				108,019		600,000			960,388	1,772,861
Transfers out	<u>(11,797)</u>						<u>(927,452)</u>				<u>(939,249)</u>
Net Change in Fund Balances	259,874	8,383	13,251	4,966	22,030	(21,475)	492,581	(10,815)	-	169,179	725,678
Fund Balances at Beginning of Year	<u>853,827</u>	<u>53,727</u>	<u>121,702</u>	<u>465,118</u>	<u>151,709</u>	<u>24,131</u>	<u>1,205,668</u>	<u>113,955</u>			<u>5,829,003</u>
Fund Balances at End of Year	<u>\$ 1,113,701</u>	<u>\$ 62,110</u>	<u>\$ 134,953</u>	<u>\$ 470,084</u>	<u>\$ 173,739</u>	<u>\$ 2,656</u>	<u>\$ 1,698,249</u>	<u>\$ 103,140</u>	<u>\$ -</u>	<u>\$ 169,179</u>	<u>\$ 6,554,681</u>

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**TOWN OF BRANFORD, CONNECTICUT  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2016**

	Permanent Fund					Total	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant		
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$	\$ 2,661,813
Intergovernmental revenues							5,829,970
Sales and services							2,154,410
Investment income	4,880	6	7	51	86	5,030	19,573
Other							1,042,234
Sale of food							614,690
Total revenues	<u>4,880</u>	<u>6</u>	<u>7</u>	<u>51</u>	<u>86</u>	<u>5,030</u>	<u>12,322,690</u>
Expenditures:							
Current:							
General government							58,870
Public safety							505,676
Public works and highway							3,459,397
Parks, recreation and libraries					1,941	1,941	462,758
Health and human services	150					150	2,250,552
Education		125		500		625	5,323,543
Capital outlay							367,514
Total expenditures	<u>150</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>1,941</u>	<u>2,716</u>	<u>12,428,310</u>
Excess (Deficiency) of Revenues over Expenditures	4,730	(119)	7	(449)	(1,855)	2,314	(105,620)
Other Financing Sources (Uses):							
Transfers in							1,772,861
Transfers out							(939,249)
Net Change in Fund Balances	4,730	(119)	7	(449)	(1,855)	2,314	727,992
Fund Balances at Beginning of Year	<u>187,341</u>	<u>4,572</u>	<u>5,183</u>	<u>36,292</u>	<u>62,205</u>	<u>295,593</u>	<u>6,124,596</u>
Fund Balances at End of Year	<u>\$ 192,071</u>	<u>\$ 4,453</u>	<u>\$ 5,190</u>	<u>\$ 35,843</u>	<u>\$ 60,350</u>	<u>\$ 297,907</u>	<u>\$ 6,852,588</u>

**TOWN OF BRANFORD, CONNECTICUT  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2016**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 13,644,171	\$ 3,434,003	\$ 1,251,562	\$ 18,329,736
Accounts receivable	<u>271,891</u>			<u>271,891</u>
Total assets	<u>13,916,062</u>	<u>3,434,003</u>	<u>1,251,562</u>	<u>18,601,627</u>
Liabilities:				
Accounts payable	98,360	370		98,730
Claims incurred not reported	<u>918,000</u>	<u>1,264,244</u>	<u>1,172,864</u>	<u>3,355,108</u>
Total liabilities	<u>1,016,360</u>	<u>1,264,614</u>	<u>1,172,864</u>	<u>3,453,838</u>
Net Position:				
Unrestricted	<u>\$ 12,899,702</u>	<u>\$ 2,169,389</u>	<u>\$ 78,698</u>	<u>\$ 15,147,789</u>

**TOWN OF BRANFORD, CONNECTICUT  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 12,826,019	\$ 2,604,397	\$ 380,000	\$ 15,810,416
Others	365,996	308,955		674,951
Total operating revenues	<u>13,192,015</u>	<u>2,913,352</u>	<u>380,000</u>	<u>16,485,367</u>
Operating Expenses:				
Benefit claims	9,683,378	1,149,188	50,823	10,883,389
Claims administration	1,616,243	83,990		1,700,233
Total operating expenses	<u>11,299,621</u>	<u>1,233,178</u>	<u>50,823</u>	<u>12,583,622</u>
Operating Income (Loss)	1,892,394	1,680,174	329,177	3,901,745
Nonoperating Income - Interest Income	<u>13,590</u>	<u>1,361</u>	<u>313</u>	<u>15,264</u>
Change in Net Position	1,905,984	1,681,535	329,490	3,917,009
Net Position at Beginning of Year	<u>10,993,718</u>	<u>487,854</u>	<u>(250,792)</u>	<u>11,230,780</u>
Net Position at End of Year	<u>\$ 12,899,702</u>	<u>\$ 2,169,389</u>	<u>\$ 78,698</u>	<u>\$ 15,147,789</u>



**TOWN OF BRANFORD, CONNECTICUT  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Medical Fund</u>	<u>Workers' Compensation Fund</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received for benefits	\$ 13,303,862	\$ 2,913,352	\$ 380,000	\$ 16,597,214
Cash paid for benefits and administration	<u>(11,189,085)</u>	<u>(1,457,280)</u>	<u>(182,638)</u>	<u>(12,829,003)</u>
Net cash provided by (used in) operating activities	2,114,777	1,456,072	197,362	3,768,211
Cash Flows from Investing Activities:				
Interest income	<u>13,590</u>	<u>1,361</u>	<u>313</u>	<u>15,264</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,128,367	1,457,433	197,675	3,783,475
Cash and Cash Equivalents at Beginning of Year	<u>11,515,804</u>	<u>1,976,570</u>	<u>1,053,887</u>	<u>14,546,261</u>
Cash and Cash Equivalents at End of Year	<u>\$ 13,644,171</u>	<u>\$ 3,434,003</u>	<u>\$ 1,251,562</u>	<u>\$ 18,329,736</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,892,394	\$ 1,680,174	\$ 329,177	\$ 3,901,745
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	111,847			111,847
Increase (decrease) in payables	<u>110,536</u>	<u>(224,102)</u>	<u>(131,815)</u>	<u>(245,381)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,114,777</u>	<u>\$ 1,456,072</u>	<u>\$ 197,362</u>	<u>\$ 3,768,211</u>

**TOWN OF BRANFORD, CONNECTICUT  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2016**

	<b>Pension Trust Funds</b>	<b>Retiree Benefits Trust Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 554,280	\$ 483,861	\$ 1,038,141
Investments - mutual funds	9,951,468	8,003,830	17,955,298
Investments - bonds	11,622,192	3,453,232	15,075,424
Accounts receivable	<u>77,853</u>	<u>                    </u>	<u>77,853</u>
 Total assets	 <u>22,205,793</u>	 <u>11,940,923</u>	 <u>34,146,716</u>
<b>Liabilities:</b>			
Accounts payable	<u>                    </u>	<u>6,763</u>	<u>6,763</u>
<b>Net Position:</b>			
Held in Trust for Pension or Retiree Benefits	\$ <u>22,205,793</u>	\$ <u>11,934,160</u>	\$ <u>34,139,953</u>

**TOWN OF BRANFORD, CONNECTICUT  
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Pension Trust Funds</u>	<u>Retiree Benefits Trust Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 1,258,500	\$ 1,560,182	\$ 2,818,682
Plan members	280,850	568,988	849,838
Total contributions	<u>1,539,350</u>	<u>2,129,170</u>	<u>3,668,520</u>
Net investment income (loss)	<u>152,554</u>	<u>62,472</u>	<u>215,026</u>
Total additions	<u>1,691,904</u>	<u>2,191,642</u>	<u>3,883,546</u>
Deductions:			
Benefits	1,607,436	947,270	2,554,706
Administration	<u>29,684</u>	<u>29,684</u>	<u>29,684</u>
Total deductions	<u>1,607,436</u>	<u>976,954</u>	<u>2,584,390</u>
Change in Net Position	84,468	1,214,688	1,299,156
Net Position at the Beginning of Year	<u>22,121,325</u>	<u>10,719,472</u>	<u>32,840,797</u>
Net Position at the End of Year	<u>\$ 22,205,793</u>	<u>\$ 11,934,160</u>	<u>\$ 34,139,953</u>

**TOWN OF BRANFORD, CONNECTICUT  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b>Branford Conservation Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,599</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,601</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,599</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,601</u>
<b>Shellfish Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>229,002</u>	\$ <u>16,761</u>	\$ <u>12,052</u>	\$ <u>233,711</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>229,002</u>	\$ <u>16,761</u>	\$ <u>12,052</u>	\$ <u>233,711</u>
<b>Academy-On-The-Green</b>				
Assets:				
Cash and cash equivalents	\$ <u>20,326</u>	\$ <u>29</u>	\$ <u>368</u>	\$ <u>19,987</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>20,326</u>	\$ <u>29</u>	\$ <u>368</u>	\$ <u>19,987</u>
<b>Branford Medical Transit</b>				
Assets:				
Cash and cash equivalents	\$ <u>52,505</u>	\$ <u>8,360</u>	\$ <u>2,057</u>	\$ <u>58,808</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>52,505</u>	\$ <u>8,360</u>	\$ <u>2,057</u>	\$ <u>58,808</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT  
 AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b>Commission on Services For the Elderly</b>				
Assets:				
Cash and cash equivalents	\$ <u>139,985</u>	\$ <u>81,867</u>	\$ <u>68,089</u>	\$ <u>153,763</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>139,985</u>	\$ <u>81,867</u>	\$ <u>68,089</u>	\$ <u>153,763</u>
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>660,353</u>	\$ <u>1,118,304</u>	\$ <u>1,155,371</u>	\$ <u>623,286</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>660,353</u>	\$ <u>1,118,304</u>	\$ <u>1,155,371</u>	\$ <u>623,286</u>
<b>Developer Bond Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>415,043</u>	\$ <u>88,160</u>	\$ <u>51,467</u>	\$ <u>451,736</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>415,043</u>	\$ <u>88,160</u>	\$ <u>51,467</u>	\$ <u>451,736</u>
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,518,813</u>	\$ <u>1,313,483</u>	\$ <u>1,289,404</u>	\$ <u>1,542,892</u>
Total Assets	\$ <u>1,518,813</u>	\$ <u>1,313,483</u>	\$ <u>1,289,404</u>	\$ <u>1,542,892</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,518,813</u>	\$ <u>1,313,483</u>	\$ <u>1,289,404</u>	\$ <u>1,542,892</u>
Total Liabilities	\$ <u>1,518,813</u>	\$ <u>1,313,483</u>	\$ <u>1,289,404</u>	\$ <u>1,542,892</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2016**

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2016	\$ 94,744
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,169
Reimbursement for revenue loss on: Elderly tax relief	<u>6</u>
Base	<u>\$ 95,919</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	\$ 215,819	\$	\$	\$	\$
4-1/2 times base		431,638			
3-3/4 times base			359,698		
3-1/4 times base				311,738	
3 times base					287,758
Total debt limitation	<u>215,819</u>	<u>431,638</u>	<u>359,698</u>	<u>311,738</u>	<u>287,758</u>
Indebtedness:					
Bonds payable	925	2,598	33,479		
Bonds authorized and unissued	10,821	89,191	1,000		
School building grants receivables		(61)			
Total indebtedness	<u>11,746</u>	<u>91,728</u>	<u>34,479</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 204,073</u>	<u>\$ 339,910</u>	<u>\$ 325,219</u>	<u>\$ 311,738</u>	<u>\$ 287,758</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$671,436.