

TOWN OF BRANFORD, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2017

TOWN OF BRANFORD, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2017

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-10

Exhibit

	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Position	11
II	Statement of Activities	12
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16
V	Statement of Net Position - Proprietary Funds	17
VI	Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	18
VII	Statement of Cash Flows - Proprietary Funds	19
VIII	Statement of Fiduciary Net Position - Fiduciary Funds	20
IX	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	21
	Notes to the Financial Statements	22-61
	Required Supplementary Information:	
RSI-1	General Fund - Schedule of Revenues and Other Financing Sources - Budget and Actual	62-64
RSI-2	General Fund - Schedule of Expenditures and Other Financing Uses - Budget and Actual	65-67
RSI-3a	Police Pension Trust Fund - Schedule of Changes in Net Pension Liability and Related Ratios	68
RSI-3b	Volunteer Fire Department Pension Trust Fund - Schedule of Changes in Net Pension Liability and Related Ratios	69
RSI-4a	Police Pension Trust Fund - Schedule of Employer Contributions	70
RSI-4b	Volunteer Fire Department Pension Trust Fund - Schedule of Employer Contributions	71
RSI-5a	Police Pension Trust Fund - Schedule of Investment Returns	72
RSI-5b	Volunteer Fire Department Pension Trust Fund - Schedule of Investment Returns	73
RSI-6	Teachers Retirement Plan - Schedule of the Town's Proportionate Share of the Net Pension Liability	74
RSI-7	Municipal Employees Retirement System - Schedule of Employer Contributions	75
RSI-8	Municipal Employees Retirement System - Schedule of the Town's Proportionate Share of the Net Pension Liability	76
RSI-9	Schedule of Changes in Net OPEB Liability and Related Ratios	77
RSI-10	Schedule of Employer Contributions - OPEB	78
RSI-11	Schedule of Investment Returns - OPEB	79

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	80
A-2	Report of Tax Collector	81
A-3	Combining Balance Sheet	82
A-4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	84-86
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	87-89

Internal Service Fund:

C-1	Combining Statement of Net Position	90
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position	91
C-3	Combining Statement of Cash Flows	92

Trust Funds:

D-1	Combining Statement of Fiduciary Net Position	93
D-2	Combining Statement of Changes in Net Position	94

Agency Funds:

E	Combining Statement of Changes in Assets and Liabilities	95-96
---	--	-------

Long-Term Debt:

F	Statement of Debt Limitation	97
---	------------------------------	----

BlumShapiro

Accounting | Tax | Business Consulting

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, 2017, 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, 2017 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 12 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. 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 62 through 67 and the pension and OPEB schedules on pages 68 through 79 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, 2016 (not presented herein), and have issued our report thereon dated December 27, 2016, 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, 2016 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 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 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, 2016.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2018 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Branford, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Branford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
February 22, 2018

**TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$9,088.
- During the year, the Town had expenses that were \$9,088 less than the \$128,442 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$119,354 with no major programs added this year. The General Fund reported a fund balance this year of \$27,336.
- The resources available for appropriation were \$3,208 more than budgeted for the General Fund. Expenditures were \$2,227 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 \$144,436 to \$153,524. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1
NET POSITION**

	Governmental Activities	
	2017	2016
Current assets	\$ 93,118	\$ 84,358
Capital assets, net of accumulated depreciation	131,146	130,080
Total assets	<u>224,264</u>	<u>214,438</u>
Deferred outflows of resources	<u>10,470</u>	<u>6,421</u>
Long-term debt outstanding	60,627	62,912
Other liabilities	11,741	6,353
Total liabilities	<u>72,368</u>	<u>69,265</u>
Deferred inflows of resources	<u>8,842</u>	<u>7,158</u>
Net Position:		
Net investment in capital assets	95,413	91,199
Restricted	322	298
Unrestricted	<u>57,789</u>	<u>52,939</u>
Total Net Position	<u>\$ 153,524</u>	<u>\$ 144,436</u>

The Town experienced an increase in net position of its governmental activities of 6.3% 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 \$52,939 at June 30, 2016 to \$57,789 at the end of this year.

The change in unrestricted governmental net position primarily reflects the growth in current assets.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$ 9,919	\$ 10,116
Operating grants and contributions	18,982	15,376
Capital grants and contributions	152	3,824
General revenues:		
Property taxes	97,402	95,088
Grants and contributions not restricted to specific programs	1,239	669
Unrestricted investment earnings	377	199
Other general revenues	371	579
Total revenues	<u>128,442</u>	<u>125,851</u>
Program expenses:		
General government	6,380	5,874
Public safety	20,684	19,238
Public works and highway	13,645	13,887
Parks, recreation and libraries	4,308	3,927
Health and human services	3,317	3,498
Education	70,432	65,756
Interest debt service	588	722
Total program expenses	<u>119,354</u>	<u>112,902</u>
Increase in Net Position	<u>\$ 9,088</u>	<u>\$ 12,949</u>

The Town's total revenues were \$128,442 while the cost of all programs and services totaled \$119,354. 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 \$3,208 higher than budgeted. Of this amount, \$1,715 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 \$1,527. Prudent estimates of other state assistance programs resulted in a positive balance for intergovernmental revenue. In addition, revenues from licenses, permits and fees exceeded the budget by \$563 primarily due to real estate conveyance fees and ambulance revenue. Rising rates on investments drove interest income to exceed estimates by \$207. Other income exceeded the budget by \$289 primarily due to better than anticipated results from employee insurance co-pays.

Expenditures were \$2,227 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for contingency transfers, tax appeals, police extra duty, municipal solid waste fees combined with vacancies resulting in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government	\$ 6,380	\$ 5,874	\$ 4,260	\$ 3,519
Public safety	20,684	19,238	17,249	16,196
Public works and highway	13,645	13,887	8,680	8,274
Parks, recreation and libraries	4,308	3,927	3,593	525
Health and human services	3,317	3,498	2,012	1,979
Education	70,432	65,756	53,922	52,377
Interest and debt service	588	722	585	717
Total	\$ 119,354	\$ 112,902	\$ 90,301	\$ 83,587

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 \$46,973, which is a slight decrease from last year's total of \$47,714. The primary reason for the decrease is the increase in assigned fund balance. (See Economic factors and Next Year's Budget and Rates).

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$103,897. 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 \$2,227. Revenues were \$3,208 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 \$27,336 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, 2017, the Town had \$131,147 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 \$1,067 or 0.8%, over last year. This increase primarily reflects the capitalization of School Ground Road Bridge whose value exceeded the combined reductions associated with depreciation and asset dispositions.

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

	Governmental Activities	
	2017	2016
Land	\$ 16,679	\$ 16,627
Intangible assets	597	597
Land improvements	1,534	1,617
Buildings	71,864	74,219
Machinery and equipment	8,269	8,795
Construction in progress	6,949	5,435
Infrastructure	25,255	22,790
Total	\$ <u>131,147</u>	\$ <u>130,080</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.

As noted above, School Ground Road Bridge was added to infrastructure in 2017. Currently, the Town is leasing space for the public works operation while contemplating the need for a permanent site. Improvements to sewer pump stations continue and improvements to the Harbor Street Culvert will commence in 2018. The Town is undertaking major improvements to the Community Center along with a renovation to the Walsh Intermediate School. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2017, the Town had \$29,988 in bonds and notes outstanding versus \$37,002 last year - a decrease of \$7,014 or approximately 18.9%. 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 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 \$685 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 2017-2018 budget and corresponding tax rates. Cognizant of the severe fiscal challenges at the state capital, the Board of Finance adopted a budget based on the Governor's funding proposal of May 15, 2017. The proposal included reductions in funding for Education Cost Sharing, grants for municipal projects and a transfer to the Town of 1/3 of the teachers' annual pension cost. The Board of Finance sought to insulate the taxpayer from this proposal by appropriating \$6,425,000 from the Town's undesignated fund balance.

While the use of fund balance at this level was perhaps unprecedented, other aspects of the budget process remained in place. As a result, the Town adhered to the following budget guidelines as a basis for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$111,812,975 for 2017-2018, which represents an increase of \$5,735,115 or 5.4% as compared to the 2016-2017 amended budget. Increased property taxes of approximately \$4.6 million combined with a \$6.4 million appropriation from fund balance will supplement nontax revenues.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 74,688,000
Investments	8,921,397
Receivables, net	8,745,222
Inventory	27,935
Prepaid items	16,571
Net OPEB asset	718,208
Capital assets not being depreciated	24,224,969
Capital assets being depreciated, net of accumulated depreciation	106,921,499
Total assets	<u>224,263,801</u>
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	2,254,928
Pension differences between actual and projected investment earnings	5,879,971
Pension change in proportional share	75,192
Pension difference between expected and actual experience	1,275,898
Pension change in assumptions	614,317
Deferred charge on refunding	369,532
Total deferred outflows of resources	<u>10,469,838</u>
Liabilities:	
Accounts and other payables	4,652,377
Unearned revenue	1,641,537
Bond anticipation notes payable	5,305,000
Other	142,313
Noncurrent liabilities:	
Due within one year	9,156,876
Due in more than one year	51,470,198
Total liabilities	<u>72,368,301</u>
Deferred Inflows of Resources:	
Pension change in proportional share	43,762
Pension difference between expected and actual experience	426,883
Advance property tax collections	8,371,160
Total deferred inflows of resources	<u>8,841,805</u>
Net Position:	
Net investment in capital assets	95,412,799
Restricted for Trusts:	
Expendable	221,266
Nonexpendable	100,420
Unrestricted	<u>57,789,048</u>
Total Net Position	\$ <u>153,523,533</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
General government	\$ 6,379,598	\$ 1,367,575	\$ 665,335	\$ 86,615	\$ (4,260,073)
Public safety	20,683,595	2,925,025	501,423	7,886	(17,249,261)
Public works and highway	13,645,386	3,525,248	1,382,423	57,400	(8,680,315)
Parks, recreation and libraries	4,308,372	448,340	267,666		(3,592,366)
Health and human services	3,316,817	543,598	760,923		(2,012,296)
Education	70,432,310	1,109,384	15,400,957		(53,921,969)
Interest expense	587,913		2,841		(585,072)
Total	\$ 119,353,991	\$ 9,919,170	\$ 18,981,568	\$ 151,901	(90,301,352)
General revenues:					
Property taxes					97,401,325
Grants and contributions not restricted to specific programs					1,239,145
Unrestricted investment earnings					376,875
Miscellaneous					371,168
Total general revenues					<u>99,388,513</u>
Change in net position					9,087,161
Net Position at Beginning of Year					<u>144,436,372</u>
Net Position at End of Year					<u>\$ 153,523,533</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 32,834,577	\$ 10,535,176	\$ 3,865,570	\$ 7,940,181	\$ 55,175,504
Investments	8,034,591			886,806	8,921,397
Receivables, net	5,880,248	287,732	159,405	1,234,026	7,561,411
Due from other funds		3,977,678		108,046	4,085,724
Inventories				27,935	27,935
Other assets	<u>16,571</u>				<u>16,571</u>
Total Assets	<u>\$ 46,765,987</u>	<u>\$ 14,800,586</u>	<u>\$ 4,024,975</u>	<u>\$ 10,196,994</u>	<u>\$ 75,788,542</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 2,282,764	\$ 616,974		\$ 767,755	\$ 3,667,493
Due to other funds	2,985,724		1,100,000		4,085,724
Unearned revenue	779,747	172,327		689,463	1,641,537
Bond anticipation notes payable		5,305,000			5,305,000
Other	<u>142,313</u>				<u>142,313</u>
Total liabilities	<u>6,190,548</u>	<u>6,094,301</u>	<u>1,100,000</u>	<u>1,457,218</u>	<u>14,842,067</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	3,403,197				3,403,197
Unavailable revenue - interest on property taxes	1,445,997				1,445,997
Unavailable revenue - special assessments			159,405	185,662	345,067
Unavailable revenue - loans receivable				389,328	389,328
Unavailable revenue - school building grants	19,111				19,111
Advance property tax collections	<u>8,371,160</u>				<u>8,371,160</u>
Total deferred inflows of resources	<u>13,239,465</u>	<u>-</u>	<u>159,405</u>	<u>574,990</u>	<u>13,973,860</u>
Fund Balances:					
Nonspendable	16,571			128,355	144,926
Restricted		8,749,629	2,765,570	3,951,419	15,466,618
Committed	80,447			4,085,012	4,165,459
Assigned	6,921,026				6,921,026
Unassigned	<u>20,317,930</u>	<u>(43,344)</u>			<u>20,274,586</u>
Total fund balances	<u>27,335,974</u>	<u>8,706,285</u>	<u>2,765,570</u>	<u>8,164,786</u>	<u>46,972,615</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,765,987</u>	<u>\$ 14,800,586</u>	<u>\$ 4,024,975</u>	<u>\$ 10,196,994</u>	<u>\$ 75,788,542</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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)	\$	46,972,615
--	----	------------

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

Governmental capital assets	\$	261,558,639	
Less accumulated depreciation		<u>(130,412,171)</u>	
Net capital assets			131,146,468

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

Net OPEB asset	718,208
Property tax receivables greater than 60 days	3,403,197
Interest receivable on property taxes	1,445,997
Assessments receivable	345,067
Housing loans receivable	389,328
Receivable from the state for school construction projects	19,111
Deferred outflows relating to pension contributions subsequent to the plan measurement date	2,254,928
Deferred outflows relating to pension differences between actual and projected investment earnings	5,879,971
Deferred outflows relating to pension differences between expected and actual experience	1,275,898
Deferred outflows relating to pension changes in proportional share	75,192
Deferred outflows relating to pension change in assumptions	614,317

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.

15,871,058

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	(19,414,678)
Deferred inflows relating to pension changes in proportional share	(43,762)
Deferred inflows relating to differences between expected and actual experience	(426,883)
Bonds and notes payable	(29,988,115)
Interest payable on bonds and notes	(340,951)
Compensated absences	(4,104,379)
Capital lease	(71,013)
Bond premium	(1,739,073)
Deferred charge on refunding	369,532
Landfill	<u>(1,128,500)</u>

Net Position of Governmental Activities (Exhibit I)

\$ 153,523,533

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, 2017**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 96,604,984	\$	\$	\$	\$ 96,604,984
Assessments and interest			190,757	2,632,840	2,823,597
Intergovernmental	13,980,773	99,801		4,878,595	18,959,169
Charges for services	4,007,159			2,719,184	6,726,343
Income on investments	291,774	2,659	3,568	47,743	345,744
Miscellaneous	1,439,309	116,731		869,612	2,425,652
Total revenues	<u>116,323,999</u>	<u>219,191</u>	<u>194,325</u>	<u>11,147,974</u>	<u>127,885,489</u>
Expenditures:					
Current:					
General government	4,691,073			35,100	4,726,173
Public safety	11,851,797			486,452	12,338,249
Public works and highway	4,930,119		3,886	3,471,113	8,405,118
Parks, recreation and libraries	2,677,908	49,805		430,356	3,158,069
Health and human services	598,413			2,098,093	2,696,506
Education	64,679,977			4,102,513	68,782,490
Pension and insurance	12,518,448				12,518,448
Capital outlay		7,962,917			7,962,917
Debt service	8,039,014				8,039,014
Total expenditures	<u>109,986,749</u>	<u>8,012,722</u>	<u>3,886</u>	<u>10,623,627</u>	<u>128,626,984</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,337,250</u>	<u>(7,793,531)</u>	<u>190,439</u>	<u>524,347</u>	<u>(741,495)</u>
Other Financing Sources (Uses):					
Transfers in	751,714	2,974,930		1,840,924	5,567,568
Transfers out	<u>(4,370,854)</u>	<u>(143,641)</u>		<u>(1,053,073)</u>	<u>(5,567,568)</u>
Total other financing sources (uses)	<u>(3,619,140)</u>	<u>2,831,289</u>	<u>-</u>	<u>787,851</u>	<u>-</u>
Net Change in Fund Balances	2,718,110	(4,962,242)	190,439	1,312,198	(741,495)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 27,335,974</u>	<u>\$ 8,706,285</u>	<u>\$ 2,765,570</u>	<u>\$ 8,164,786</u>	<u>\$ 46,972,615</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, 2017**

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) \$ (741,495)

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 6,352,195
Depreciation expense (5,224,397)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 52,100

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. (113,021)

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 (42,332)
Property tax receivable - accrual basis change 534,124
Property tax interest and lien revenue - accrual basis change 262,217
Sewer assessment receivable - accrual basis change (270,499)
Housing loans receivable (11,078)
Change in deferred outflows relating to pension contributions subsequent to the measurement date 21,767
Change in deferred outflows relating to pension differences between actual and projected investment earnings 2,995,022
Change in deferred outflows relating to pension differences between expected and actual experience 1,275,898
Change in deferred outflows relating to pension changes in proportional share 17,537
Change in deferred outflows relating to pension change in assumptions (185,637)

Change in pension and OPEB assets and liabilities:

Change in net OPEB asset 307,208
Change in net pension liability (4,282,331)

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 7,013,777
Capital lease payments 103,294

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 (183,995)
Accrued interest (407)
Amortization of deferred charge on refunding (76,055)
Amortization of bond premiums 410,495
Change in MERS prior service costs 10,262
Change in deferred inflows relating to changes in proportional share (43,762)
Change in deferred inflows relating to differences between expected and actual experience 143,005
Landfill post closure care 40,000

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. 723,269

Change in Net Position of Governmental Activities (Exhibit II) \$ 9,087,161

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017**

	Governmental Activities
	Internal Service Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 19,512,496
Accounts receivable	<u>1,259,317</u>
Total assets	<u>20,771,813</u>
Liabilities:	
Accounts and other payables	719,439
Risk management claims	<u>4,181,316</u>
Total liabilities	<u>4,900,755</u>
Net Position:	
Unrestricted	\$ <u><u>15,871,058</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017**

	Governmental Activities
	Internal Service Funds
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 15,413,977
Other	435,214
Total contributions	<hr/> 15,849,191
Operating Expenses:	
Benefit claims	13,484,020
Claims administration	1,673,033
Total operating expenses	<hr/> 15,157,053
Operating Income	692,138
Nonoperating Revenue:	
Income on investments	<hr/> 31,131
Change in Net Position	723,269
Net Position at Beginning of Year	<hr/> 15,147,789
Net Position at End of Year	<hr/> <hr/> \$ 15,871,058

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, 2017**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 14,861,765
Cash payments to providers of benefits and administration	<u>(13,710,136)</u>
Net cash provided by (used in) operating activities	1,151,629
Cash Flows from Investing Activities:	
Income on investments	<u>31,131</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,182,760
Cash and Cash Equivalents at Beginning of Year	<u>18,329,736</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 19,512,496</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ 692,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	(987,426)
Increase (decrease) in accounts payable	<u>1,446,917</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 1,151,629</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, 2017**

	Pension and Other Employee Benefit Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 2,269,080	\$ 1,703,346
Investments - mutual funds	21,574,454	
Investments - bonds	13,778,089	
Accounts receivable	5,217	
	<u> </u>	<u> </u>
Total assets	<u>37,626,840</u>	<u>\$ 1,703,346</u>
Liabilities:		
Accounts payable	7,656	\$
Due to students and others		<u>1,703,346</u>
	<u> </u>	<u> </u>
Total liabilities	<u>7,656</u>	<u>\$ 1,703,346</u>
Net Position:		
Held in Trust for Pension or Retiree Benefits	<u>\$ 37,619,184</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, 2017**

	Pension and Other Employee Benefit Trust Funds
	<u> </u>
Additions:	
Contributions:	
Employer	\$ 3,217,349
Plan members	258,782
Other	25,410
Total contributions	<u>3,501,541</u>
Net investment income	<u>2,730,332</u>
Total additions	<u>6,231,873</u>
Deductions:	
Benefits	2,722,837
Administration	29,805
Total deductions	<u>2,752,642</u>
Net Increase in Net Position	3,479,231
Net Position at the Beginning of Year	<u>34,139,953</u>
Net Position at the End of Year	<u>\$ 37,619,184</u>

The accompanying notes are an integral part of the financial statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

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

G. Capital Assets

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

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. Net OPEB Asset

The net OPEB asset represents the cumulative difference between the annual OPEB cost and the Town's contributions to the plans. These amounts are calculated on an actuarial basis and are recorded as noncurrent assets and/or noncurrent liabilities, accordingly, in the government-wide financial statements.

L. Net Pension Liability

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

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

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

N. Accounting Estimates

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations of \$220,625 from unanticipated revenues for the year ended June 30, 2017.

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

Deposits

Deposit Custodial Credit Risk

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$41,411,167 of the Town’s bank balance of \$51,532,029 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,299,168
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>29,111,999</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 41,411,167</u>

Cash Equivalents

At June 30, 2017, the Town’s cash equivalents amounted to \$34,456,169. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

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

Investments

As of June 30, 2017, 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	\$ 4,859,153	\$ 136,057	\$ 4,090,156	\$ 632,940
Other debt securities	AAA	1,557,211	3,817	636,746	916,648
Municipal bonds	AA	523,437		523,437	
Corporate bonds	A-AAA	7,022,620	792,573	5,454,928	775,119
Corporate bonds	B-BBB-	97,819		97,819	
Corporate bonds	Not-rated	5,136		5,136	
Certificates of deposit*	N/A	8,587,979	5,126,969	3,461,010	
Subtotal			<u>\$ 6,059,416</u>	<u>\$ 14,269,232</u>	<u>\$ 2,324,707</u>
Other investments:					
Common stock	N/A	597,928			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	<u>21,022,657</u>			
Total		<u>\$ 44,273,940</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2017:

	June 30, 2017	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 4,859,153	\$ 4,859,153	\$	\$
U.S. Government agencies	1,557,211		1,557,211	
Corporate bonds	7,649,012		7,649,012	
Common stock	597,928	597,928		
Mutual funds	<u>21,022,657</u>	<u>21,022,657</u>		
Total investments by fair value level	35,685,961	<u>\$ 26,479,738</u>	<u>\$ 9,206,223</u>	<u>\$ -</u>
Certificates of deposit	<u>8,587,979</u>			
Total Investments	<u>\$ 44,273,940</u>			

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

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

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

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

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,445,997	\$	\$	\$	\$ 1,445,997
Taxes	4,121,936				4,121,936
Accounts	620,515			1,356,486	1,977,001
Special assessments			159,405	179,051	338,456
Intergovernmental	205,417	287,732		573,695	1,066,844
Loans				389,328	389,328
Gross receivables	<u>6,393,865</u>	<u>287,732</u>	<u>159,405</u>	<u>2,498,560</u>	<u>9,339,562</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 5,880,248</u>	<u>\$ 287,732</u>	<u>\$ 159,405</u>	<u>\$ 2,498,560</u>	<u>\$ 8,825,945</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 16,627,278	\$ 52,100	\$	\$	\$ 16,679,378
Intangible assets	596,800				596,800
Construction in progress	5,435,486	4,959,181	(3,445,876)		6,948,791
Total capital assets not being depreciated	<u>22,659,564</u>	<u>5,011,281</u>	<u>(3,445,876)</u>	<u>-</u>	<u>24,224,969</u>
Capital assets being depreciated:					
Buildings and improvements	117,135,100	283,465		(149,930)	117,268,635
Improvements other than buildings	2,826,503	38,000			2,864,503
Machinery and equipment	27,702,898	877,813		(514,993)	28,065,718
Infrastructure	85,536,475	193,736	3,445,876	(41,273)	89,134,814
Total capital assets being depreciated	<u>233,200,976</u>	<u>1,393,014</u>	<u>3,445,876</u>	<u>(706,196)</u>	<u>237,333,670</u>
Less accumulated depreciation for:					
Buildings and improvements	42,916,286	2,599,467		(110,639)	45,405,114
Improvements other than buildings	1,209,660	121,170			1,330,830
Machinery and equipment	18,907,687	1,330,583		(441,263)	19,797,007
Infrastructure	62,747,316	1,173,177		(41,273)	63,879,220
Total accumulated depreciation	<u>125,780,949</u>	<u>5,224,397</u>	<u>-</u>	<u>(593,175)</u>	<u>130,412,171</u>
Total capital assets being depreciated, net	<u>107,420,027</u>	<u>(3,831,383)</u>	<u>3,445,876</u>	<u>(113,021)</u>	<u>106,921,499</u>
Governmental Activities Capital Assets, Net	<u>\$ 130,079,591</u>	<u>\$ 1,179,898</u>	<u>\$ -</u>	<u>\$ (113,021)</u>	<u>\$ 131,146,468</u>

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

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

Governmental activities:	
General government	\$ 154,457
Public safety	891,422
Public works	2,433,874
Parks, recreation and libraries	94,996
Health and welfare	45,366
Education	<u>1,604,282</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 5,224,397</u></u>

Active Capital Projects

The Town has active projects as of June 30, 2017. 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		30,522
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	4,198,523		776,477
Land Acquisition Fund	1,110,276	1,101,517		8,759
Transfer Station Overhead Doors	200,535	171,562	28,973	-
Pump Station Upgrades	180,000	180,000		-
Pump Station Upgrades	2,500,000	1,851,768	146,276	501,956
Harbor Street Culvert Repairs	1,565,000	83,317	11,022	1,470,661
Stony Creek Dredging	150,000	14,577		135,423
Community Center Improvements	12,115,000	664,236	279,699	11,171,065
Branford Hills Demolition	300,000	294,330	2,500	3,170
BHS Track and Field Improvements	900,000	804,455	92,558	2,987
Branford High School Roof	360,000	79,000		281,000
BOE Bathroom Renovations	150,000	90,983		59,017
Walsh Intermediate School Renovations	88,200,000	2,056,982	2,905,029	83,237,989
Linden Avenue Shoreline Stabilization	1,200,000	21,619	106,781	1,071,600

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2017 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 108,046
Capital Projects Fund	General Fund	2,877,678
Capital Projects Fund	Sewer Assessment Fund	<u>1,100,000</u>
Total		<u><u>\$ 4,085,724</u></u>

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

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

Interfund transfers:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Governmental	Total Transfers Out
Transfers out:				
General Fund	\$	\$ 2,529,930	\$ 1,840,924	\$ 4,370,854
Capital Projects	143,641			143,641
Nonmajor Governmental	<u>608,073</u>	<u>445,000</u>		<u>1,053,073</u>
Total Transfers In	<u>\$ 751,714</u>	<u>\$ 2,974,930</u>	<u>\$ 1,840,924</u>	<u>\$ 5,567,568</u>

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 24,860,000	\$	\$ 5,375,000	\$ 19,485,000	\$ 5,410,000
Clean water notes	12,141,892		1,638,777	10,503,115	1,491,519
Less deferred amounts:					
For issuance premiums	<u>2,149,568</u>		<u>410,495</u>	<u>1,739,073</u>	
Total bonds and notes payable	39,151,460	-	7,424,272	31,727,188	6,901,519
Landfill closure	1,168,500		40,000	1,128,500	40,000
Net pension liability	15,132,347	4,282,331		19,414,678	
Compensated absences	3,920,384	198,656	14,661	4,104,379	143,497
MERS prior service costs	10,262		10,262	-	
Risk management claims	3,355,108	13,484,020	12,657,812	4,181,316	2,000,847
Capital leases	<u>174,307</u>		<u>103,294</u>	<u>71,013</u>	<u>71,013</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 62,912,368</u>	<u>\$ 17,965,007</u>	<u>\$ 20,250,301</u>	<u>\$ 60,627,074</u>	<u>\$ 9,156,876</u>

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

A schedule of bonds and notes outstanding at June 30, 2017 is presented below:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2017</u>
General Obligation:				
School, 2.0-4.0%, mature in 2017	\$ 287,000	\$	\$ 153,000	\$ 134,000
School, 2.0-4.0%, mature in 2017	845,000		420,000	425,000
School, 2.0-4.0%, mature in 2018	155,000		52,000	103,000
School, 2.0-5.0%, mature in 2022	1,311,000		78,000	1,233,000
Public improvement sewer, 2.0-4.0%, mature in 2011	454,000		241,000	213,000
Public improvement sewer, 2.0-4.0%, mature in 2011	2,465,000		1,235,000	1,230,000
Public improvement sewer, 2.0-4.0%, mature in 2018	445,000		148,000	297,000
Public improvement sewer, 2.0-5.0%, mature in 2012	16,269,000		1,427,000	14,842,000
Public improvement, 2.0-4.0%, mature in 2026	925,000		925,000	-
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2018	1,100,000		375,000	725,000
Sewer, 2.0-4.0%, mature in 2017	604,000		321,000	283,000
Total Bonds	24,860,000	-	5,375,000	19,485,000
State of Connecticut, CWF, 2%,				
mature in 2019	176,767		176,767	-
State of Connecticut, CWF, 2%, mature in 2022	6,829,827		1,036,271	5,793,556
State of Connecticut, CWF, 2% mature in 2027	3,591,260		305,110	3,286,150
State of Connecticut, CWF, 2% mature in 2028	1,544,038		120,629	1,423,409
Total Bonds and Notes	\$ 37,001,892	\$ -	\$ 7,013,777	\$ 29,988,115

**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>
2018	\$ 6,901,519	\$ 817,439	\$ 7,718,958
2019	5,061,624	675,984	5,737,608
2020	4,387,337	539,356	4,926,693
2021	4,383,670	393,038	4,776,708
2022	4,515,635	244,823	4,760,458
2023-2027	4,663,563	175,350	4,838,913
2028	<u>74,767</u>	<u>437</u>	<u>75,204</u>
Total	<u>\$ 29,988,115</u>	<u>\$ 2,846,427</u>	<u>\$ 32,834,542</u>

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Bond Anticipation Notes

The following is a schedule of bond anticipation note activity for the year ended June 30, 2017:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Board of Education Capital Projects	12/22/2016	9/21/2017	2.5	\$	\$ 850,000	\$	\$ 850,000
Branford Hills Demolition	12/22/2016	9/21/2017	2.5		100,000		100,000
Harbor Street Culvert	12/22/2016	9/21/2017	2.5		600,000		600,000
Community Center Design Improvements	12/22/2016	9/21/2017	2.5		110,000		110,000
Pump Station Renovations	12/22/2016	9/21/2017	2.5		845,000		845,000
Main Street Gateway	12/22/2016	9/21/2017	2.5		175,000		175,000
Linden Avenue Stabilization	12/22/2016	9/21/2017	2.5		125,000		125,000
Walsh Intermediate School Renovation	12/22/2016	9/21/2017	2.5		2,500,000		2,500,000
				<u>\$ -</u>	<u>\$ 5,305,000</u>	<u>\$ -</u>	<u>\$ 5,305,000</u>

**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	\$ 220,085	\$ 39,393	\$ 180,692
Schools	440,169	91,177 *	348,992
Sewers	366,808	12,511	354,297
Urban renewal	317,900		317,900
Pension deficit	293,446		293,446

* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$19.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$684,708.

Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2017 were \$103,294. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

Year Ending June 30	Governmental Activities
2018	\$ 72,002
Total minimum lease payments	72,002
Less amount representing interest	(989)
Present Value of Minimum Lease Payments	\$ <u>71,013</u>

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

8. RISK MANAGEMENT

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

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

The claims liability of \$1,951,694 reported in the Internal Service Fund at June 30, 2017 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>
2015-2016	\$ 1,487,285	\$ 1,149,188	\$ 1,372,229	\$ 1,264,244
2016-2017	1,264,244	1,740,476	1,053,026	1,951,694

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 \$1,204,622 at June 30, 2017 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>
2015-2016	\$ 1,304,679	\$ 50,823	\$ 182,638	\$ 1,172,864
2016-2017	1,172,864	132,466	100,708	1,204,622

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

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for medical, prescription drug costs and dental benefits. The claims liability of \$1,025,000 at June 30, 2017 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>
2015-2016	\$ 838,000	\$ 9,683,378	\$ 9,603,378	\$ 918,000
2016-2017	918,000	11,611,078	11,504,078	1,025,000

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 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. The special programs fund contains the funds for the closure of the landfill, which had been annually appropriated; the balance of this account is currently \$242 including encumbrances.

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

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

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

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover, Demolition and Grading Cost	\$ 8,500
Postclosure Care Costs (28 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	462,000
Monitoring Program, Groundwater, Methane and Stormwater (\$23,500 annually)	<u>658,000</u>
Total	<u>\$ 1,128,500</u>

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. General Fund balance for fiscal year ended June 30, 2017 as reflected in BRRFOC's financial statements is \$1.47 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

Plan Description and Benefits Provided

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Police Employees Retirement Plan

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

Volunteer Fire Department Pension Plan

The Town operates a Length of Service Awards Program for volunteer firefighters from date of membership to retirement date. Firefighters who were members prior to 1991 with at least ten years of service receive credit for five years of service. Members are required to fulfill a variety of requirements drills, calls, classes etc. to receive a year of credited service. Members receive a life annuity on the first day of the month coinciding with or next following the member's 65th birthday provided the member has a minimum of ten years of service. The maximum monthly payout is \$350 per month.

Funding for the plan is based on the Entry Age Normal Cost Method. The unfunded liability is amortized over 30 years beginning in January 1999 and had 12 years remaining as of January 2017.

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

At July 1, 2015 and January 1, 2017 for the Police employees retirement plan and the volunteer fire department pension plan (date of latest valuations), plan membership consisted of the following, respectively:

	Police Employees Retirement Plan	Volunteer Fire Department Pension Plan
Retirees, disabled and beneficiaries currently receiving benefits	45	18
Terminated employees entitled to benefits but not yet receiving them	1	
Active plan members	<u>38</u>	<u>208</u>
Total Participants	<u><u>84</u></u>	<u><u>226</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:

Asset Class	Target Allocation
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 (Core)	8.00%
Cash	<u>2.00%</u>
Total	<u><u>100.00%</u></u>

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 7.19%, and 7.55% for the Police employee’s retirement plan and the volunteer fire department pension plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deferred Retirement Option Program

The police employee’s retirement plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2017, seven officers have elected the DROP and the DROP balance was \$681,510.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2017 were as follows:

	Police Employees Retirement Plan	Volunteer Fire Department Pension Plan
Total pension liability	\$ 30,789,493	\$ 1,286,599
Plan fiduciary net position	<u>22,451,018</u>	<u>936,327</u>
Net Pension Liability	<u>\$ 8,338,475</u>	<u>\$ 350,272</u>
Plan fiduciary net position as a percentage of the total pension liability	72.92%	72.78%

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 nonannuitants 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, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Investment rate of return	6.75%, 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-2017.

**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, 2017 (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	5.00%
U.S. Mid/Small Cap	5.75%
International Equities	5.50%
Emerging International Equities	6.25%
Core Bonds	2.25%
High-Yield Bonds	3.50%
Real Estate (Core)	5.25%
Cash	0.75%

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, 2016	\$ 29,788,646	\$ 21,379,414	\$ 8,409,232
Changes for the year:			
Service cost	586,875		586,875
Interest on total pension liability	2,058,756		2,058,756
Employer contributions		914,742	(914,742)
Member contributions		258,782	(258,782)
Net investment income (loss)		1,542,864	(1,542,864)
Benefit payments, including refund to employee contributions	(1,644,784)	(1,644,784)	-
Net changes	<u>1,000,847</u>	<u>1,071,604</u>	<u>(70,757)</u>
Balances as of June 30, 2017	\$ <u>30,789,493</u>	\$ <u>22,451,018</u>	\$ <u>8,338,475</u>

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

Volunteer Fire Department Pension Plan

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances as of June 30, 2016	\$ 1,203,868	\$ 826,379	\$ 377,489
Changes for the year:			
Service cost	19,116		19,116
Interest on total pension liability	84,136		84,136
Differences between expected and actual experience	(733)		(733)
Changes in assumptions	23,148		23,148
Employer contributions		86,000	(86,000)
Net investment income (loss)		66,884	(66,884)
Benefit payments, including refund to employee contributions	(42,936)	(42,936)	-
Net changes	<u>82,731</u>	<u>109,948</u>	<u>(27,217)</u>
Balances as of June 30, 2017	<u>\$ 1,286,599</u>	<u>\$ 936,327</u>	<u>\$ 350,272</u>

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

The following presents the net pension liability of the Town, for the Police Employee Retirement Plan calculated using the 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, and for the Volunteer Fire Department Pension Plan calculated using the discount rate of 6.75%, 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 (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Police Employees Retirement Plan	\$ 12,019,277	\$ 8,338,475	\$ 5,250,848
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Volunteer Fire Department Pension Plan	\$ 566,384	\$ 350,272	\$ 174,984

Funding Status and Progress

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

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

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

Pension Plan Fiduciary Net Position

	Pension Trust Funds		
	Police Pension Trust Fund	Volunteer Fire Department Pension Trust Fund	Total Pension Trust Funds
Assets:			
Cash and cash equivalents	\$ 485,813	\$ 31,831	\$ 517,644
Investments - mutual funds	12,033,918	904,496	12,938,414
Investments - bonds	9,926,070		9,926,070
Accounts receivable	5,217		5,217
Total assets	<u>22,451,018</u>	<u>936,327</u>	<u>23,387,345</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 22,451,018</u>	<u>\$ 936,327</u>	<u>\$ 23,387,345</u>

Changes in Pension Net Position

	Pension Trust Funds		
	Police Pension Trust Fund	Volunteer Fire Department Pension Trust Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Employer	\$ 914,742	\$ 86,000	\$ 1,000,742
Plan members	258,782		258,782
Total contributions	<u>1,173,524</u>	<u>86,000</u>	<u>1,259,524</u>
Net investment income	<u>1,542,864</u>	<u>66,884</u>	<u>1,609,748</u>
Total additions	2,716,388	152,884	2,869,272
Deductions:			
Benefits	<u>1,644,784</u>	<u>42,936</u>	<u>1,687,720</u>
Net Increase in Net Position	1,071,604	109,948	1,181,552
Net Position at the Beginning of Year	<u>21,379,414</u>	<u>826,379</u>	<u>22,205,793</u>
Net Position at the End of Year	<u>\$ 22,451,018</u>	<u>\$ 936,327</u>	<u>\$ 23,387,345</u>

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

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

For the year ended June 30, 2017, the Town recognized pension expense of \$1,583,262. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Police Employees Retirement Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 397,097
Changes of assumptions	578,423	
Net difference between projected and actual earning on pension plan investments	<u>1,353,445</u>	
Total	<u>\$ 1,931,868</u>	<u>\$ 397,097</u>

	Volunteer Fire Department Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 29,786
Changes of assumptions	35,894	
Net difference between projected and actual earning on pension plan investments	<u>34,752</u>	
Total	<u>\$ 70,646</u>	<u>\$ 29,786</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,

2018	\$	633,172
2019		633,169
2020		317,995
2021		(13,661)
2022		288
Thereafter		4,668

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

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, 2017 is \$591,051. There were 18 participants as of June 30, 2017. Employee contributions and investment earnings through the fiscal year ended June 30, 2017 totaled \$375,797, while employer contributions and earnings totaled \$215,253. 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.

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

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

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 ten 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, 2017, the Town reports a liability of \$10,725,931 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the Town's proportion was 3.22% percent. This represents a decrease in proportion from June 30, 2016 of 0.07%.

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

For the year ended June 30, 2017, the Town recognized pension expense of \$3,667,757. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 2,254,928	\$
Change in proportional share	75,192	43,762
Differences between expected and actual experience	1,275,898	
Net difference between projected and actual earnings on pension plan investments	<u>4,491,774</u>	
Total	<u>\$ 8,097,792</u>	<u>\$ 43,762</u>

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

Year Ending June 30,

2018	\$ 1,321,062
2019	1,321,062
2020	1,933,787
2021	<u>1,223,191</u>
Total	<u>\$ 5,799,102</u>

Actuarial Assumptions

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

Inflation	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 nonannuitants (set forward one year for males and set back one year for females).

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

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

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

The long-term expected rate of return on pension plan investments was determined using a 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	\$ 20,453,204	\$ 10,725,931	\$ 2,522,481

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

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.

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

Employees

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

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

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

At June 30, 2017, 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>91,314,924</u>
Total	<u>\$ 91,314,924</u>

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

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$9,958,221 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, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	5.8%
Developed non-U.S. equities	18.0%	6.6%
Emerging markets (non-U.S.)	9.0%	8.3%
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 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined contribution rates in the future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements available at www.ct.gov.

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

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.

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

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

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, 2016, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired members and spouses	83
Active plan members	<u>575</u>
Total Participants	<u><u>658</u></u>

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

C. Funding Policy

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

Investment Policy

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

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 8.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

E. Net OPEB Liability of the Town

During the year, the Town implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* (OPEB). This Statement requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$ 28,783,224
Plan fiduciary net position	<u>14,231,839</u>
 Net OPEB Liability	 <u>\$ 14,551,385</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 49.44%

The Town’s net OPEB liability will be required to be recorded on the government-wide financial statement of net position at June 30, 2018.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.75%, average, including inflation
Investment rate of return	6.75%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.75% for 2016, decreasing 0.5% per year to an ultimate rate of 4.75% for 2022 and later years

Mortality rates were based on the RP-2014 adjusted to 2006 total dataset mortality table projected to the valuation date with Scale MP-2016.

The actuarial assumptions used in the July 1, 2016 valuation were based on standard tables modified for certain plan features such as eligibility for full and early retirement where applicable and input from the plan sponsor.

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Large Cap Equity	15.00 %	4.65 %
US Mid/Small Cap Equity	16.00	5.50
Developed International Equity	10.00	5.50
Emerging Markets Equity	6.00	6.50
Intermediate Corp Fixed Income	17.50	2.25
Intermediate Govt Fixed Income	17.50	1.65
High Yield Fixed Income	8.00	3.25
Cash	2.00	0.00
REITs	3.00	5.00
Commodities (MLPs)	5.00	5.25
Total	<u>100.00</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current discount rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB Liability (Asset)	\$ 18,522,543	\$ 14,551,385	\$ 11,279,650

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

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.75% decreasing to 3.75%) or 1 percentage point higher (8.75% decreasing to 5.75%) than the current healthcare cost trend rates:

	1% Decrease (6.75% decreasing to 3.75%)	Healthcare cost Trend Rates (7.75% decreasing to 4.75%)	1% Increase (8.75% decreasing to 5.75%)
Net OPEB Liability (Asset)	\$ 10,697,648	\$ 14,551,385	\$ 19,314,639

F. 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:

	Retiree Benefit Program
Annual required contribution (ARC)	\$ 1,907,215
Interest on net OPEB obligation	(28,770)
Adjustment to annual required contribution	<u>30,954</u>
Annual OPEB cost	1,909,399
Contributions made	<u>2,216,607</u>
Increase in net OPEB asset	307,208
Net OPEB asset at beginning of year	<u>411,000</u>
Net OPEB Asset at End of Year	<u><u>\$ 718,208</u></u>

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, 2017, 2016 and 2015, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/17	\$ 1,909,399	\$ 2,216,607	116.09%	\$ 718,208
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

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
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%)
7/1/16	11,934,160	27,035,934	(15,101,774)	44.14%	47,770,477	(31.61%)

13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	Major Special Revenue Funds			Nonmajor Governmental Funds	Total
	General Fund	Capital Projects	Sewer Assessment		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 27,935	\$ 27,935
Prepaid items		16,571			16,571
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		8,749,629	2,765,570		11,515,199
Unspent grant balances				3,730,153	3,730,153
Permanent funds				221,266	221,266
Committed to:					
Public works lease		27,888			27,888
General government				526,784	526,784
Public safety				185,171	185,171
Public works and highway				1,830,778	1,830,778
Parks, recreation and libraries				682,771	682,771
Health and human services				851,139	851,139
Education		52,559		8,369	60,928
Assigned to:					
Subsequent year's budget		6,425,000			6,425,000
Purchases on order		496,026			496,026
Unassigned		20,317,930	(43,344)		20,274,586
Total Fund Balances	\$ 27,335,974	\$ 8,706,285	\$ 2,765,570	\$ 8,164,786	\$ 46,972,615

Significant encumbrances of \$673,957, \$4,218,222, \$1,104 and \$235,277 at June 30, 2017 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**

14. LITIGATION

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

15. SUBSEQUENT EVENTS

On September 7, 2017, the Town issued \$15,000,000 of general obligation bonds with interest rates of 2.00-4.00% maturing serially from September 15, 2018 through September 15, 2032.

**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, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 93,445,291	\$ 93,445,291	\$ 94,972,081	\$ 1,526,790
Interest Income	480,000	480,000	567,443	87,443
Lien Fees	6,200	6,200	6,048	(152)
Suspense Collections	6,100	6,100	8,082	1,982
Delinquent Taxes	950,000	950,000	1,041,516	91,516
Warrant Fees	200	200	707	507
Returned Check Fees	25	25	80	55
Attorney Fees	500	500	665	165
Motor Vehicle Fees	1,500	1,500	8,362	6,862
Total taxes	<u>94,889,816</u>	<u>94,889,816</u>	<u>96,604,984</u>	<u>1,715,168</u>
Intergovernmental Revenues:				
Education Cost Sharing	2,110,402	2,110,402	2,220,292	109,890
Health and Welfare	6,700	6,700	5,937	(763)
Principal Subsidy			42,332	42,332
Interest Subsidy			2,841	2,841
Circuit Breaker Elderly	205,000	205,000	205,259	259
Elderly Tax Relief - Freeze	5,000	5,000	4,000	(1,000)
Disability Exemption	2,700	2,700	2,500	(200)
Veterans' Reimbursement	26,494	26,494	26,805	311
Pequot Grant			53,780	53,780
State Property Exemption	53,780	53,780		(53,780)
Municipal Revenue Sharing Grant	300,402	300,402	570,402	270,000
Miscellaneous State Grants	40,000	83,003	78,941	(4,062)
North Branford Probate Fees	4,000	4,000	6,777	2,777
North Branford Sewer Fees	175,000	175,000	186,306	11,306
Total intergovernmental revenues	<u>2,929,478</u>	<u>2,972,481</u>	<u>3,406,172</u>	<u>433,691</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Licenses, Permits and Fees:				
Building Permits	\$ 490,000	\$ 490,000	\$ 494,578	\$ 4,578
Excavation Permits	5,000	5,000	8,055	3,055
Sewer Connection Permits			237	237
Zoning Board of Appeals	2,000	2,000	3,750	1,750
Planning and Zoning	20,000	20,000	24,753	4,753
Planning and Zoning - DEP Costs	500	500	610	110
Map Copies - Building and Engineering	1,600	1,600	3,404	1,804
Inland Wetlands Applications	15,000	15,000	14,246	(754)
Inland Wetlands - DEP Application Costs			40	40
Building Dept - Education Fee	300	300	399	99
Transfer Station Escrow	105,000	105,000	156,495	51,495
Trip Passes	1,500	1,500	2,120	620
Sticker Revenue	12,500	12,500	22,108	9,608
Electrical Revenue Share			20,888	20,888
Permits and Tags - Police	6,000	6,000	6,530	530
Special Wages - Police	500,000	545,965	575,643	29,678
Fingerprinting Fees	14,000	14,000	16,025	2,025
False Alarm Fees	4,900	4,900	6,900	2,000
Pump Out Services	5,000	5,000	6,927	1,927
Town Clerk Other Monies	340,000	340,000	334,174	(5,826)
Conveyance Taxes	301,000	301,000	383,898	82,898
DEP Licenses - Town Portion	350	350	299	(51)
Marriage Licenses - Town Portion	2,500	2,500	2,695	195
Dog Licenses	3,000	3,000	3,149	149
Ambulance Service Fees	1,560,000	1,560,000	1,902,495	342,495
Miscellaneous Permits and Fees - Fire Services	1,700	1,700	2,495	795
E-Commerce Revenue Share	6,000	6,000	14,246	8,246
Total licenses, permits and fees	<u>3,397,850</u>	<u>3,443,815</u>	<u>4,007,159</u>	<u>563,344</u>
Interest Income	<u>85,000</u>	<u>85,000</u>	<u>291,629</u>	<u>206,629</u>
Other:				
Willoughby - Wallace Library Fees	2,500	2,500	3,027	527
Willoughby - Passport Fees	6,000	6,000	5,550	(450)
Employee Health Insurance Co-pay	425,000	425,000	550,602	125,602
In Lieu of Taxes - Telephone Access	85,000	85,000	84,979	(21)

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 255,000	\$ 255,000	\$ 266,858	\$ 11,858
Leases	25,000	25,000	29,480	4,480
Elderly Services - Building Usage	2,000	2,000	1,950	(50)
Elderly Services - NGO Revenue			130	130
Recreation Department - Building Usage			3,050	3,050
Recreation Department - Facility Usage			2,300	2,300
Foote Family Charitable Trust	200,000	200,000	200,000	-
Insurance Claims and Refunds	20,000	20,000	58,560	38,560
Miscellaneous Refunds			33,390	33,390
Miscellaneous Income	28,000	28,000	50,474	22,474
Sale of Town Property	100,000	100,000	129,075	29,075
Commerce Bank Revenue Share	7,500	7,500	19,544	12,044
Returned Check Fees			340	340
Under Liquidated Encumbrances			6,073	6,073
Total other	<u>1,156,000</u>	<u>1,156,000</u>	<u>1,445,382</u>	<u>289,382</u>
Total revenues	102,458,144	102,547,112	105,755,326	3,208,214
Other Financing Sources:				
Transfers in	<u>608,073</u>	<u>751,713</u>	<u>751,714</u>	<u>1</u>
Total Revenue and Other Financing Sources	<u>\$ 103,066,217</u>	<u>\$ 103,298,825</u>	106,507,040	<u>\$ 3,208,215</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.			9,958,221	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(6,073)	
The Town does not budget for Board of Education severance fund revenues.			145	
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>616,380</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>\$ 117,075,713</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, 2017**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 18,259	\$ 18,259	\$ 11,589	\$ 6,670
Executive	345,678	385,678	380,318	5,360
Finance	80,619	80,619	78,963	1,656
Treasurer	431,491	435,267	428,211	7,056
Assessor	407,551	413,685	407,177	6,508
Review of Assessment	12,874	12,874	10,688	2,186
Tax Collector	544,493	546,911	287,391	259,520
Town Clerk	244,609	248,511	244,826	3,685
Law	334,250	410,250	410,166	84
Labor Relations Negotiations	70,000	70,000	54,804	15,196
Probate Court	12,465	12,465	8,499	3,966
Elections	149,599	149,599	124,815	24,784
Planning and Zoning	295,134	296,240	292,747	3,493
Zoning Board of Appeals	8,705	8,705	7,202	1,503
Economic Development Commission	10,435	10,435	10,340	95
Inland Wetlands Commission	122,876	124,138	123,306	832
General Government Buildings	1,020,891	1,027,941	923,038	104,903
Cable Television	6,200	6,200	5,983	217
Information Technology	717,957	733,574	672,187	61,387
Human Resources	266,730	266,730	213,469	53,261
Total	<u>5,100,816</u>	<u>5,258,081</u>	<u>4,695,719</u>	<u>562,362</u>
Public Safety:				
Police Service	6,226,903	6,183,966	5,823,296	360,670
Police Service - Special Detail	500,000	545,965	545,962	3
Fire Protection	5,252,479	5,340,390	5,322,103	18,287
Building Department	174,112	174,112	172,963	1,149
Total	<u>12,153,494</u>	<u>12,244,433</u>	<u>11,864,324</u>	<u>380,109</u>
Public Works and Highways:				
Public Works	2,361,959	2,390,398	2,154,853	235,545
Sanitation and Waste	2,543,227	2,549,845	2,373,399	176,446
General Engineering	312,760	318,434	314,821	3,613
Total	<u>5,217,946</u>	<u>5,258,677</u>	<u>4,843,073</u>	<u>415,604</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation:				
Branford Recreation Department	\$ 1,019,990	\$ 1,044,761	\$ 1,027,806	\$ 16,955
Parker Park	74,193	74,193	65,463	8,730
Young's Park Commission	8,941	8,941	8,940	1
Docks and Recreational Facilities	17,721	17,721	13,412	4,309
Public Celebration	27,373	27,863	27,611	252
Conservation Commission	6,605	6,605	3,305	3,300
Total	<u>1,154,823</u>	<u>1,180,084</u>	<u>1,146,537</u>	<u>33,547</u>
Libraries:				
James Blackstone Memorial Library	1,317,986	1,317,986	1,317,986	-
Willoughby-Wallace Library	228,765	228,765	219,803	8,962
Total	<u>1,546,751</u>	<u>1,546,751</u>	<u>1,537,789</u>	<u>8,962</u>
Health and Welfare:				
Commission for the Elderly	382,574	382,824	365,249	17,575
East Shore District Health	230,947	230,947	230,947	-
Total	<u>613,521</u>	<u>613,771</u>	<u>596,196</u>	<u>17,575</u>
Board of Education	<u>54,107,711</u>	<u>54,107,711</u>	<u>54,014,994</u>	<u>92,717</u>
Pension and Insurance:				
Pension and Contributions	4,171,891	4,171,891	3,721,922	449,969
Employee Group Insurance	6,305,002	6,304,752	6,304,752	-
Municipal Insurance	2,206,103	2,496,103	2,491,774	4,329
Contingency	873,000	237,026		237,026
Total	<u>13,555,996</u>	<u>13,209,772</u>	<u>12,518,448</u>	<u>691,324</u>
Debt Service:				
Principal Retirement	7,013,943	7,013,943	7,013,777	166
Interest and Fiscal Charges	1,049,748	1,049,748	1,025,236	24,512
Total	<u>8,063,691</u>	<u>8,063,691</u>	<u>8,039,013</u>	<u>24,678</u>
Total expenditures	<u>101,514,749</u>	<u>101,482,971</u>	<u>99,256,093</u>	<u>2,226,878</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 109,500	\$ 109,500	\$ 109,500	\$ -
Special Programs Fund		11,983	11,983	-
Cafeteria Fund	142,188	142,188	142,188	-
Sewer Utility Fund	600,000	600,000	600,000	-
Human Services Fund	977,253	977,253	977,253	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Ambulance	80,000	80,000	80,000	-
Fire Apparatus	135,000	135,000	135,000	-
Municipal Facilities Fund	105,000	105,000	105,000	-
Communications Fund	50,000	50,000	50,000	-
DPW Apparatus	280,000	280,000	280,000	-
Capital Procurement Fund	1,870,727	2,123,130	2,123,130	-
Total other financing uses	<u>4,376,468</u>	<u>4,640,854</u>	<u>4,640,854</u>	<u>-</u>
Total Budgeted Operations	\$ <u>105,891,217</u>	\$ <u>106,123,825</u>	103,896,947	\$ <u>2,226,878</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.			9,958,221	
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.			616,380	
The Town does not budget for Lease fund expenditures.			245,083	
The Town does not budget for Board of Education severance fund expenditures.			9,132	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(270,000)	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			<u>(98,160)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>114,357,603</u>	

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:				
Service cost	\$ 579,898	\$ 600,194	\$ 621,201	\$ 586,875
Interest	1,838,139	1,906,563	1,990,048	2,058,756
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>	<u>(1,644,784)</u>
Net change in total pension liability	898,948	1,106,188	1,357,594	1,000,847
Total pension liability - beginning	<u>26,425,916</u>	<u>27,324,864</u>	<u>28,431,052</u>	<u>29,788,646</u>
Total pension liability - ending	<u>27,324,864</u>	<u>28,431,052</u>	<u>29,788,646</u>	<u>30,789,493</u>
Plan fiduciary net position:				
Contributions - employer	920,000	898,000	910,500	914,742
Contributions - member	282,016	301,069	280,850	258,782
Net investment income	2,255,408	40,613	149,903	1,542,864
Benefit payments, including refunds of member contributions	<u>(1,519,089)</u>	<u>(1,400,569)</u>	<u>(1,564,499)</u>	<u>(1,644,784)</u>
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,246)	1,071,604
Plan fiduciary net position - beginning	<u>19,825,212</u>	<u>21,763,547</u>	<u>21,602,660</u>	<u>21,379,414</u>
Plan fiduciary net position - ending	<u>21,763,547</u>	<u>21,602,660</u>	<u>21,379,414</u>	<u>22,451,018</u>
Net Pension Liability - Ending	<u>\$ 5,561,317</u>	<u>\$ 6,828,392</u>	<u>\$ 8,409,232</u>	<u>\$ 8,338,475</u>
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%
Covered-employee payroll	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246
Net pension liability as a percentage of covered-employee payroll	160.64%	197.24%	235.14%	233.16%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total pension liability:			
Service cost	\$ 13,044	\$ 18,559	\$ 19,116
Interest	77,644	80,186	84,136
Differences between expected and actual experience	(34,725)		(733)
Changes of assumptions	16,764		23,148
Benefit payments, including refunds of member contributions	(40,957)	(42,937)	(42,936)
Net change in total pension liability	<u>31,770</u>	<u>55,808</u>	<u>82,731</u>
Total pension liability - beginning	<u>1,116,290</u>	<u>1,148,060</u>	<u>1,203,868</u>
Total pension liability - ending	<u>1,148,060</u>	<u>1,203,868</u>	<u>1,286,599</u>
Plan fiduciary net position:			
Contributions - employer	62,000	348,000	86,000
Net investment income (loss)	(192)	2,651	66,884
Benefit payments, including refunds of member contributions	(40,957)	(42,937)	(42,936)
Net change in plan fiduciary net position	<u>20,851</u>	<u>307,714</u>	<u>109,948</u>
Plan fiduciary net position - beginning	<u>497,814</u>	<u>518,665</u>	<u>826,379</u>
Plan fiduciary net position - ending	<u>518,665</u>	<u>826,379</u>	<u>936,327</u>
Net Pension Liability - Ending	<u>\$ 629,395</u>	<u>\$ 377,489</u>	<u>\$ 350,272</u>
Plan fiduciary net position as a percentage of the total pension liability	45.18%	68.64%	72.78%
Covered-employee payroll	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered-employee payroll	0.00%	0.00%	0.00%

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

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

	<u>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>	<u>2017</u>
Actuarially determined contribution	\$ 781,134	\$ 773,105	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106	\$ 911,226
Contributions in relation to the actuarial determined contribution	<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>	<u>914,742</u>
Contribution Deficiency (Excess)	\$ <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>	\$ <u>(3,516)</u>
Covered-employee payroll	\$ 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	\$ 3,576,246
Contributions as a percentage of covered-employee payroll	22.90%	23.01%	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%	25.46%	25.58%

Notes to Schedule

Valuation Date: July 1, 2015

Measurement Date: June 30, 2017

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 THREE FISCAL YEARS***

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

Notes to Schedule

Valuation Date: January 1, 2015

Measurement Date: June 30, 2017

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	30 years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	2.75%
Salary increases	Volunteer fire plan, no salary
Investment rate of return	6.75% (Prior: 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-2017. Prior: RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2015.

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

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

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

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

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

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

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

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

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

Notes to Schedule

Changes in benefit terms None
Changes of assumptions During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.

Actuarial cost method Entry age
Amortization method Level percent of salary, closed
Remaining amortization period 20.4 years
Asset valuation method 4-year smoothed market

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

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

	<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>	<u>2017</u>
Actuarially determined contribution	\$ 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	\$ 2,254,928
Contributions in relation to the actuarially determined contribution	<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>	<u>2,254,928</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 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	\$ 18,428,703
Contributions as a percentage of covered employee payroll	7.52%	7.58%	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%	12.11%	12.24%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2016
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	25 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense
Changes in assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Town's proportion of the net pension liability	3.57%	3.29%	3.22%
Town's proportionate share of the net pension liability	\$ 3,519,712	\$ 6,345,626	\$ 10,725,931
Town's covered-employee payroll	\$ 16,787,032	\$ 16,787,032	\$ 18,428,703
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.97%	37.80%	58.20%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%

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	25 years
Asset valuation method	5-year smoothed market

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

**TOWN OF BRANFORD, CONNECTICUT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEAR***

	<u>2017</u>
Total OPEB liability:	
Service cost	\$ 808,381
Interest	1,849,266
Differences between expected and actual experience	124,760
Benefit payments	<u>(1,035,117)</u>
Net change in total OPEB liability	1,747,290
Total OPEB liability - beginning	<u>27,035,934</u>
Total OPEB liability - ending	<u>28,783,224</u>
Plan fiduciary net position:	
Contributions - employer	2,216,607
Contributions - TRB subsidy	25,410
Net investment income	1,090,779
Benefit payments	<u>(1,035,117)</u>
Net change in plan fiduciary net position	2,297,679
Plan fiduciary net position - beginning	<u>11,934,160</u>
Plan fiduciary net position - ending	<u>14,231,839</u>
Net OPEB Liability - Ending	\$ <u><u>14,551,385</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.44%
Covered-employee payroll	\$ 49,561,870
Net OPEB liability as a percentage of covered-employee payroll	29.36%

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

**TOWN OF BRANFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS
OPEB
LAST TEN FISCAL YEARS**

	<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>	<u>2017</u>
Actuarially determined contribution (1)	\$ N/A	\$ 1,818,900	\$ 1,955,400	\$ 1,997,300	\$ 1,613,000	\$ 1,651,000	\$ 1,790,540	\$ 1,835,900	\$ 1,847,914	\$ 1,907,215
Contributions in relation to the actuarially determined contribution	N/A	3,968,100	1,285,645	1,503,300	1,276,100	1,584,500	1,964,000	1,808,700	1,560,200	2,216,607
Contribution Deficiency (Excess)	\$ <u>N/A</u>	\$ <u>(2,149,200)</u>	\$ <u>669,755</u>	\$ <u>494,000</u>	\$ <u>336,900</u>	\$ <u>66,500</u>	\$ <u>(173,460)</u>	\$ <u>27,200</u>	\$ <u>287,714</u>	\$ <u>(309,392)</u>
Covered-employee payroll	\$ N/A	\$ 41,807,100	\$ 39,028,800	\$ 39,028,800	\$ 39,169,500	\$ 39,169,500	\$ 48,861,400	\$ 48,861,400	\$ 47,770,477	\$ 49,561,870
Contributions as a percentage of covered-employee payroll	N/A	9.49%	3.29%	3.85%	3.26%	4.05%	4.02%	3.70%	3.27%	4.47%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2017 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule

Valuation date: July 1, 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 payroll, closed
Amortization period	30 years
Asset valuation method	Market Value
Inflation	2.75% (Prior: 3.00%)
Healthcare cost trend rates	7.75% in 2016, decreasing 0.5% per year to an ultimate rate of 4.75% for 2022 and later. (Prior: 9.00% for 2014, decreasing 1.00% per year, to an ultimate rate of 5.00% for 2018 and later.)
Salary increases	3.75%, average, including inflation
Investment rate of return	6.75% (Prior: 7.00%), net of pension plan investment expense, including inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2016. (Prior: RP-2000 Combined, set forward one year for males and set back one year for females, projected to valuation date with Scale AA.)

**TOWN OF BRANFORD, CONNECTICUT
SCHEDULE OF INVESTMENT RETURNS
OPEB
LAST FISCAL YEAR***

2017

Annual money-weighted rate of return,
net of investment expense

8.44%

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

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 32,834,577	\$ 31,397,294
Investments	8,034,591	7,742,264
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2017 and 2016	3,608,319	3,062,583
Interest	1,445,997	1,183,780
Intergovernmental	205,417	291,368
Other	620,515	565,273
Prepaid items	<u>16,571</u>	<u>16,297</u>
Total Assets	<u>\$ 46,765,987</u>	<u>\$ 44,258,859</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,282,764	\$ 2,542,059
Due to other funds	2,985,724	5,519,009
Unearned revenue	779,747	727,605
Other	<u>142,313</u>	<u>149,763</u>
Total liabilities	<u>6,190,548</u>	<u>8,938,436</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	3,403,197	2,869,073
Unavailable revenue - interest on property taxes	1,445,997	1,183,780
Unavailable revenue - school building grants	19,111	61,443
Advance property tax collections	<u>8,371,160</u>	<u>6,588,263</u>
Total deferred inflows of resources	<u>13,239,465</u>	<u>10,702,559</u>
Fund Balance:		
Nonspendable	16,571	16,297
Committed	80,447	64,517
Assigned	6,921,026	3,250,167
Unassigned	<u>20,317,930</u>	<u>21,286,883</u>
Total fund balance	<u>27,335,974</u>	<u>24,617,864</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 46,765,987</u>	<u>\$ 44,258,859</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2017**

Grand List	Uncollected Taxes July 1, 2016	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2017
						Taxes	Interest	Liens	Total	
2001	\$ 23,409	\$	\$	\$	\$ 23,409	\$ 1,842	\$ 1,991	\$ 24	\$ 3,857	\$ 21,567
2002	34,474				34,474	2,313	1,264	24	3,601	32,161
2003	37,786				37,786	1,272	645	24	1,941	36,514
2004	38,561				38,561	2,945	1,374	24	4,343	35,616
2005	37,016				37,016	3,264	1,393	24	4,681	33,752
2006	42,363				42,363	4,038	3,045	24	7,107	38,325
2007	50,796				50,796	8,709	2,750	24	11,483	42,087
2008	80,083				80,083	12,241	8,004	48	20,293	67,842
2009	90,951				90,951	15,840	7,164	72	23,076	75,111
2010	123,967				123,967	19,359	9,827	120	29,306	104,608
2011	312,409	(51)		(102,944)	209,414	34,264	16,445	218	50,927	175,150
2012	462,954				462,954	103,120	51,559	590	155,269	359,834
2013	788,560	24,011			812,571	232,862	93,253	1,540	327,655	579,709
2014	1,452,871	22,050			1,474,921	587,835	133,107	3,424	724,366	887,086
2015	96,846,293	(241,638)			96,604,655	94,972,081	226,317	8,626	95,207,024	1,632,574
	<u>\$ 100,422,493</u>	<u>\$ (195,628)</u>	<u>\$ -</u>	<u>\$ (102,944)</u>	<u>\$ 100,123,921</u>	96,001,985	558,138	14,806	96,574,929	<u>\$ 4,121,936</u>
				Suspense Collections		7,927	12,381	146	20,454	
				Total		<u>\$ 96,009,912</u>	<u>\$ 570,519</u>	<u>\$ 14,952</u>	<u>\$ 96,595,383</u>	

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2017**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 32,688,478	\$ 52,559	\$ 93,540	\$ 32,834,577
Investments	8,034,591			8,034,591
Receivables, net	5,880,248			5,880,248
Other assets	16,571			16,571
	<u>46,619,888</u>	<u>52,559</u>	<u>93,540</u>	<u>46,765,987</u>
Total Assets	<u>\$ 46,619,888</u>	<u>\$ 52,559</u>	<u>\$ 93,540</u>	<u>\$ 46,765,987</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 2,217,112	\$ -	\$ 65,652	\$ 2,282,764
Due to other funds	2,985,724			2,985,724
Unearned revenue	779,747			779,747
Other	142,313			142,313
Total liabilities	<u>6,124,896</u>	<u>-</u>	<u>65,652</u>	<u>6,190,548</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	3,403,197			3,403,197
Unavailable revenue - interest on property taxes	1,445,997			1,445,997
Unavailable revenue - school building grants	19,111			19,111
Advance property tax collections	8,371,160			8,371,160
Total deferred inflows of resources	<u>13,239,465</u>	<u>-</u>	<u>-</u>	<u>13,239,465</u>
Fund Balances:				
Nonspendable	16,571			16,571
Committed		52,559	27,888	80,447
Assigned	6,921,026			6,921,026
Unassigned	20,317,930			20,317,930
Total fund balances	<u>27,255,527</u>	<u>52,559</u>	<u>27,888</u>	<u>27,335,974</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,619,888</u>	<u>\$ 52,559</u>	<u>\$ 93,540</u>	<u>\$ 46,765,987</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	<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	\$ 96,604,984	\$	\$	\$	\$ 96,604,984
Intergovernmental	13,980,773				13,980,773
Charges for services	4,007,159				4,007,159
Income on investments	291,629	145			291,774
Miscellaneous	1,439,309				1,439,309
Total revenues	<u>116,323,854</u>	<u>145</u>	<u>-</u>	<u>-</u>	<u>116,323,999</u>
Expenditures:					
Current:					
General government	4,658,543		32,530		4,691,073
Public safety	11,851,797				11,851,797
Public works and highway	4,798,815		131,304		4,930,119
Parks, recreation and libraries	2,677,908				2,677,908
Health and human services	598,413				598,413
Education	64,589,596	9,132	81,249		64,679,977
Pension and insurance	12,518,448				12,518,448
Debt service	8,039,014				8,039,014
Total expenditures	<u>109,732,534</u>	<u>9,132</u>	<u>245,083</u>	<u>-</u>	<u>109,986,749</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,591,320</u>	<u>(8,987)</u>	<u>(245,083)</u>	<u>-</u>	<u>6,337,250</u>
Other Financing Sources (Uses):					
Transfers in	751,714		270,000	(270,000)	751,714
Transfers out	(4,640,854)			270,000	(4,370,854)
Total other financing sources (uses)	<u>(3,889,140)</u>	<u>-</u>	<u>270,000</u>	<u>-</u>	<u>(3,619,140)</u>
Net Change in Fund Balances	2,702,180	(8,987)	24,917	-	2,718,110
Fund Balances at Beginning of Year	<u>24,553,347</u>	<u>61,546</u>	<u>2,971</u>	<u>-</u>	<u>24,617,864</u>
Fund Balances at End of Year	<u>\$ 27,255,527</u>	<u>\$ 52,559</u>	<u>\$ 27,888</u>	<u>\$ -</u>	<u>\$ 27,335,974</u>

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017**

	Special Revenue										
	Board of Education						Small Cities Fund	Town Aid Road	Pass Through Grants	Park and Recreation	
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency					Building Usage
ASSETS											
Cash and cash equivalents	\$ 10,643	\$ 35,168	\$ 512,661	\$ 813,078	\$ 141,366	\$ -	\$ 2,283	\$ 46,287	\$ 1,536,207	\$ -	\$ 777,903
Investment											
Accounts receivable	6,143							389,328			
Intergovernmental receivable				188,627	65,264						
Due from other funds				96,002							
Inventory					27,935						
Total Assets	\$ 16,786	\$ 35,168	\$ 512,661	\$ 1,097,707	\$ 234,565	\$ -	\$ 2,283	\$ 435,615	\$ 1,536,207	\$ -	\$ 777,903
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ -	\$ 3,640	\$ 17,405	\$ 234,251	\$ 200,544	\$ -	\$ -	\$ 200	\$ -	\$ -	\$ 30,459
Unearned revenue				373,564							216,132
Total liabilities	<u>-</u>	<u>3,640</u>	<u>17,405</u>	<u>607,815</u>	<u>200,544</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>246,591</u>
Deferred Inflows of Resources:											
Unavailable revenue - special assessments	6,143										
Unavailable revenue - loans receivable								389,328			
Total deferred inflows of resources	<u>6,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389,328</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:											
Nonspendable					27,935						
Restricted				489,892				46,087	1,536,207		
Committed	10,643	31,528	495,256		6,086		2,283				531,312
Total fund balance	<u>10,643</u>	<u>31,528</u>	<u>495,256</u>	<u>489,892</u>	<u>34,021</u>	<u>-</u>	<u>2,283</u>	<u>46,087</u>	<u>1,536,207</u>	<u>-</u>	<u>531,312</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,786	\$ 35,168	\$ 512,661	\$ 1,097,707	\$ 234,565	\$ -	\$ 2,283	\$ 435,615	\$ 1,536,207	\$ -	\$ 777,903

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2017

	Special Revenue									
	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Foote	Sewer Utility Fund	FEMA Fund	Human Services Fund	Total
ASSETS										
Cash and cash equivalents	\$ 1,616,969	\$ 89,303	\$ 30,062	\$ 476,246	\$ 223,915		\$ 1,098,721	\$ 103,140	\$ 316,275	\$ 7,830,227
Investment			121,483				553,388			674,871
Accounts receivable							172,908		91,952	660,331
Intergovernmental receivable							319,804			573,695
Due from other funds	12,044									108,046
Inventory										27,935
Total Assets	\$ 1,629,013	\$ 89,303	\$ 151,545	\$ 476,246	\$ 223,915	\$ -	\$ 2,144,821	\$ 103,140	\$ 408,227	\$ 9,875,105
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ 74,186	\$ 6,916	\$ 86		\$ 15,654		\$ 145,167		\$ 39,044	\$ 767,552
Unearned revenue					23,090				76,677	689,463
Total liabilities	74,186	6,916	86	-	38,744	-	145,167	-	115,721	1,457,015
Deferred Inflows of Resources:										
Unavailable revenue - special assessments							179,519			185,662
Unavailable revenue - loans receivable										389,328
Total deferred inflows of resources	-	-	-	-	-	-	179,519	-	-	574,990
Fund Balance:										
Nonspendable										27,935
Restricted	1,554,827							103,140		3,730,153
Committed		82,387	151,459	476,246	185,171		1,820,135		292,506	4,085,012
Total fund balance	1,554,827	82,387	151,459	476,246	185,171	-	1,820,135	103,140	292,506	7,843,100
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,629,013	\$ 89,303	\$ 151,545	\$ 476,246	\$ 223,915	\$ -	\$ 2,144,821	\$ 103,140	\$ 408,227	\$ 9,875,105

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2017**

	Permanent Fund						Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total	
ASSETS							
Cash and cash equivalents	\$ 4,497	\$ 4,339	\$ 5,202	\$ 35,427	\$ 60,489	\$ 109,954	\$ 7,940,181
Investment	211,935					211,935	886,806
Accounts receivable						-	660,331
Intergovernmental receivable						-	573,695
Due from other funds						-	108,046
Inventory						-	27,935
Total Assets	\$ 216,432	\$ 4,339	\$ 5,202	\$ 35,427	\$ 60,489	\$ 321,889	\$ 10,196,994
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$ 203					\$ 203	\$ 767,755
Unearned revenue						-	689,463
Total liabilities	203	-	-	-	-	203	1,457,218
Deferred Inflows of Resources:							
Unavailable revenue - special assessments						-	185,662
Unavailable revenue - loans receivable						-	389,328
Total deferred inflows of resources	-	-	-	-	-	-	574,990
Fund Balance:							
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420	128,355
Restricted	214,729	339	202	5,427	569	221,266	3,951,419
Committed						-	4,085,012
Total fund balance	216,229	4,339	5,202	35,427	60,489	321,686	8,164,786
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 216,432	\$ 4,339	\$ 5,202	\$ 35,427	\$ 60,489	\$ 321,889	\$ 10,196,994

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue										
	Board of Education										
	Water Assessment	Adult Education Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage	Small Cities	Town Aid Road	Pass Through Grants	Park and Recreation
Revenues:											
Assessment income	\$										
Intergovernmental revenues				2,671,162	563,155		73,038	774,854	372,676		
Sales and services		55,387	430,263		27,840	10,389	11,078			394,762	
Investment income		81	571				70	1,375		968	
Other										43,873	
Sale of food					585,505						
Total revenues	-	55,468	430,834	2,671,162	1,176,500	-	10,389	84,186	776,229	372,676	439,603
Expenditures:											
Current:											
General government											
Public safety											
Public works and highway								678,070			
Parks, recreation and libraries										419,004	
Health and human services							75,437		372,676		
Education		51,411	334,228	2,359,738	1,305,634	140	12,538				
Total expenditures	-	51,411	334,228	2,359,738	1,305,634	140	12,538	75,437	678,070	372,676	419,004
Excess (Deficiency) of Revenues over Expenditures	-	4,057	96,606	311,424	(129,134)	(140)	(2,149)	8,749	98,159	-	20,599
Other Financing Sources (Uses):											
Transfers in					142,188						
Transfers out											
Net Change in Fund Balances	-	4,057	96,606	311,424	13,054	(140)	(2,149)	8,749	98,159	-	20,599
Fund Balances at Beginning of Year	10,643	27,471	398,650	178,468	20,967	140	4,432	37,338	1,438,048	-	510,713
Fund Balances at End of Year	\$ 10,643	\$ 31,528	\$ 495,256	\$ 489,892	\$ 34,021	\$ -	\$ 2,283	\$ 46,087	\$ 1,536,207	\$ -	\$ 531,312

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue									
	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Foote	Sewer Utility Fund	FEMA Fund	Human Services Fund	Total
Revenues:										
Assessment income	\$		\$		\$		\$ 2,632,840	\$		\$ 2,632,840
Intergovernmental revenues	170,416		1,839		110,846		46,142		94,467	4,878,595
Sales and services	8,232				65,735		671,352		458,641	2,133,679
Investment income	1,183	129	5,854	2,198	141		9,782			22,352
Other	682,426	105,562	20,165	8,381	9,055		150			869,612
Sale of food										585,505
Total revenues	<u>862,257</u>	<u>105,691</u>	<u>27,858</u>	<u>10,579</u>	<u>185,777</u>	<u>-</u>	<u>3,360,266</u>	<u>-</u>	<u>553,108</u>	<u>11,122,583</u>
Expenditures:										
Current:										
General government	35,100									35,100
Public safety	202,607				283,845					486,452
Public works and highway	7,736						2,785,307			3,471,113
Parks, recreation and libraries			11,352							430,356
Health and human services	152,128	85,414		4,417					1,407,034	2,097,106
Education	35,543					2,656				4,101,888
Total expenditures	<u>433,114</u>	<u>85,414</u>	<u>11,352</u>	<u>4,417</u>	<u>283,845</u>	<u>2,656</u>	<u>2,785,307</u>	<u>-</u>	<u>1,407,034</u>	<u>10,622,015</u>
Excess (Deficiency) of Revenues over Expenditures	429,143	20,277	16,506	6,162	(98,068)	(2,656)	574,959	-	(853,926)	500,568
Other Financing Sources (Uses):										
Transfers in	11,983				109,500		600,000		977,253	1,840,924
Transfers out							(1,053,073)			(1,053,073)
Net Change in Fund Balances	441,126	20,277	16,506	6,162	11,432	(2,656)	121,886	-	123,327	1,288,419
Fund Balances at Beginning 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>169,179</u>	<u>6,554,681</u>
Fund Balances at End of Year	<u>\$ 1,554,827</u>	<u>\$ 82,387</u>	<u>\$ 151,459</u>	<u>\$ 476,246</u>	<u>\$ 185,171</u>	<u>\$ -</u>	<u>\$ 1,820,135</u>	<u>\$ 103,140</u>	<u>\$ 292,506</u>	<u>\$ 7,843,100</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017**

	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	\$	\$	\$	\$	\$	\$ -	\$ 2,632,840
Intergovernmental revenues						-	4,878,595
Sales and services						-	2,133,679
Investment income	25,145	11	12	84	139	25,391	47,743
Other						-	869,612
Sale of food						-	585,505
Total revenues	<u>25,145</u>	<u>11</u>	<u>12</u>	<u>84</u>	<u>139</u>	<u>25,391</u>	<u>11,147,974</u>
Expenditures:							
Current:							
General government						-	35,100
Public safety						-	486,452
Public works and highway						-	3,471,113
Parks, recreation and libraries						-	430,356
Health and human services	987					987	2,098,093
Education		125		500		625	4,102,513
Total expenditures	<u>987</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>1,612</u>	<u>10,623,627</u>
Excess (Deficiency) of Revenues over Expenditures	24,158	(114)	12	(416)	139	23,779	524,347
Other Financing Sources (Uses):							
Transfers in						-	1,840,924
Transfers out						-	(1,053,073)
Net Change in Fund Balances	24,158	(114)	12	(416)	139	23,779	1,312,198
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 216,229</u>	<u>\$ 4,339</u>	<u>\$ 5,202</u>	<u>\$ 35,427</u>	<u>\$ 60,489</u>	<u>\$ 321,686</u>	<u>\$ 8,164,786</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 14,123,562	\$ 3,842,560	\$ 1,546,374	\$ 19,512,496
Accounts receivable	<u>1,259,317</u>			<u>1,259,317</u>
Total assets	<u>15,382,879</u>	<u>3,842,560</u>	<u>1,546,374</u>	<u>20,771,813</u>
Liabilities:				
Accounts payable	719,154	285		719,439
Claims incurred not reported	<u>1,025,000</u>	<u>1,951,694</u>	<u>1,204,622</u>	<u>4,181,316</u>
Total liabilities	<u>1,744,154</u>	<u>1,951,979</u>	<u>1,204,622</u>	<u>4,900,755</u>
Net Position:				
Unrestricted	<u>\$ 13,638,725</u>	<u>\$ 1,890,581</u>	<u>\$ 341,752</u>	<u>\$ 15,871,058</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 13,541,995	\$ 1,476,982	\$ 395,000	\$ 15,413,977
Others	391,570	43,644		435,214
Total operating revenues	<u>13,933,565</u>	<u>1,520,626</u>	<u>395,000</u>	<u>15,849,191</u>
Operating Expenses:				
Benefit claims	11,611,078	1,740,476	132,466	13,484,020
Claims administration	1,609,455	63,578		1,673,033
Total operating expenses	<u>13,220,533</u>	<u>1,804,054</u>	<u>132,466</u>	<u>15,157,053</u>
Operating Income (Loss)	713,032	(283,428)	262,534	692,138
Nonoperating Income - Interest Income	<u>25,991</u>	<u>4,620</u>	<u>520</u>	<u>31,131</u>
Change in Net Position	739,023	(278,808)	263,054	723,269
Net Position at Beginning of Year	<u>12,899,702</u>	<u>2,169,389</u>	<u>78,698</u>	<u>15,147,789</u>
Net Position at End of Year	<u>\$ 13,638,725</u>	<u>\$ 1,890,581</u>	<u>\$ 341,752</u>	<u>\$ 15,871,058</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	<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	\$ 12,946,139	\$ 1,520,626	\$ 395,000	\$ 14,861,765
Cash paid for benefits and administration	<u>(12,492,739)</u>	<u>(1,116,689)</u>	<u>(100,708)</u>	<u>(13,710,136)</u>
Net cash provided by (used in) operating activities	453,400	403,937	294,292	1,151,629
Cash Flows from Investing Activities:				
Interest income	<u>25,991</u>	<u>4,620</u>	<u>520</u>	<u>31,131</u>
Net Increase (Decrease) in Cash and Cash Equivalents	479,391	408,557	294,812	1,182,760
Cash and Cash Equivalents at Beginning of Year	<u>13,644,171</u>	<u>3,434,003</u>	<u>1,251,562</u>	<u>18,329,736</u>
Cash and Cash Equivalents at End of Year	<u>\$ 14,123,562</u>	<u>\$ 3,842,560</u>	<u>\$ 1,546,374</u>	<u>\$ 19,512,496</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 713,032	\$ (283,428)	\$ 262,534	\$ 692,138
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	(987,426)			(987,426)
Increase (decrease) in payables	<u>727,794</u>	<u>687,365</u>	<u>31,758</u>	<u>1,446,917</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 453,400</u>	<u>\$ 403,937</u>	<u>\$ 294,292</u>	<u>\$ 1,151,629</u>

**TOWN OF BRANFORD, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017**

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Assets:			
Cash and cash equivalents	\$ 517,644	\$ 1,751,436	\$ 2,269,080
Investments - mutual funds	12,938,414	8,636,040	21,574,454
Investments - bonds	9,926,070	3,852,019	13,778,089
Accounts receivable	5,217		5,217
Total assets	23,387,345	14,239,495	37,626,840
Liabilities:			
Accounts payable		7,656	7,656
Net Position:			
Held in Trust for Pension or Retiree Benefits	\$ 23,387,345	\$ 14,231,839	\$ 37,619,184

**TOWN OF BRANFORD, CONNECTICUT
PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	Pension Trust Funds	Retiree Benefits Trust Fund	Total
Additions:			
Contributions:			
Employer	\$ 1,000,742	\$ 2,216,607	\$ 3,217,349
Plan members	258,782		258,782
Other		25,410	25,410
Total contributions	<u>1,259,524</u>	<u>2,242,017</u>	<u>3,501,541</u>
Net investment income	<u>1,609,748</u>	<u>1,120,584</u>	<u>2,730,332</u>
Total additions	<u>2,869,272</u>	<u>3,362,601</u>	<u>6,231,873</u>
Deductions:			
Benefits	1,687,720	1,035,117	2,722,837
Administration		29,805	29,805
Total deductions	<u>1,687,720</u>	<u>1,064,922</u>	<u>2,752,642</u>
Change in Net Position	1,181,552	2,297,679	3,479,231
Net Position at the Beginning of Year	<u>22,205,793</u>	<u>11,934,160</u>	<u>34,139,953</u>
Net Position at the End of Year	<u>\$ 23,387,345</u>	<u>\$ 14,231,839</u>	<u>\$ 37,619,184</u>

**TOWN OF BRANFORD, CONNECTICUT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Branford Conservation Commission				
Assets:				
Cash and cash equivalents	\$ <u>1,601</u>	\$ <u>4</u>	\$ <u>-</u>	\$ <u>1,605</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,601</u>	\$ <u>4</u>	\$ <u>-</u>	\$ <u>1,605</u>
Shellfish Commission				
Assets:				
Cash and cash equivalents	\$ <u>233,711</u>	\$ <u>6,875</u>	\$ <u>6,682</u>	\$ <u>233,904</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>233,711</u>	\$ <u>6,875</u>	\$ <u>6,682</u>	\$ <u>233,904</u>
Academy-On-The-Green				
Assets:				
Cash and cash equivalents	\$ <u>19,987</u>	\$ <u>47</u>	\$ <u>54</u>	\$ <u>19,980</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>19,987</u>	\$ <u>47</u>	\$ <u>54</u>	\$ <u>19,980</u>
Branford Medical Transit				
Assets:				
Cash and cash equivalents	\$ <u>58,808</u>	\$ <u>7,031</u>	\$ <u>3,467</u>	\$ <u>62,372</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>58,808</u>	\$ <u>7,031</u>	\$ <u>3,467</u>	\$ <u>62,372</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, 2017**

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Commission on Services For the Elderly				
Assets:				
Cash and cash equivalents	\$ <u>153,763</u>	\$ <u>75,620</u>	\$ <u>60,152</u>	\$ <u>169,231</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>153,763</u>	\$ <u>75,620</u>	\$ <u>60,152</u>	\$ <u>169,231</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ <u>623,286</u>	\$ <u>1,646,496</u>	\$ <u>1,581,495</u>	\$ <u>688,287</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>623,286</u>	\$ <u>1,646,496</u>	\$ <u>1,581,495</u>	\$ <u>688,287</u>
Fireworks Committee				
Assets:				
Cash and cash equivalents	\$ <u>-</u>	\$ <u>23,354</u>	\$ <u>12,100</u>	\$ <u>11,254</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>-</u>	\$ <u>23,354</u>	\$ <u>12,100</u>	\$ <u>11,254</u>
Developer Bond Funds				
Assets:				
Cash and cash equivalents	\$ <u>451,736</u>	\$ <u>64,977</u>	\$ <u>-</u>	\$ <u>516,713</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>451,736</u>	\$ <u>64,977</u>	\$ <u>-</u>	\$ <u>516,713</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,542,892</u>	\$ <u>1,824,404</u>	\$ <u>1,663,950</u>	\$ <u>1,703,346</u>
Total Assets	\$ <u>1,542,892</u>	\$ <u>1,824,404</u>	\$ <u>1,663,950</u>	\$ <u>1,703,346</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,542,892</u>	\$ <u>1,824,404</u>	\$ <u>1,663,950</u>	\$ <u>1,703,346</u>
Total Liabilities	\$ <u>1,542,892</u>	\$ <u>1,824,404</u>	\$ <u>1,663,950</u>	\$ <u>1,703,346</u>

TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2017

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2017	\$ 96,595
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,216
Reimbursement for revenue loss on: Elderly tax relief	<u>4</u>
Base	<u>\$ 97,815</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	\$ 220,085	\$	\$	\$	\$
4-1/2 times base		440,169			
3-3/4 times base			366,808		
3-1/4 times base				317,900	
3 times base					293,446
Total debt limitation	<u>220,085</u>	<u>440,169</u>	<u>366,808</u>	<u>317,900</u>	<u>293,446</u>
Indebtedness:					
Bonds payable	16,582	1,895	11,511		
Bonds authorized and unissued	22,811	89,301	1,000		
School building grants receivables		(19)			
Total indebtedness	<u>39,393</u>	<u>91,177</u>	<u>12,511</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 180,692</u>	<u>\$ 348,992</u>	<u>\$ 354,297</u>	<u>\$ 317,900</u>	<u>\$ 293,446</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$684,708.