

# Official Statement Dated April 21, 2015

## REFUNDING / NEW MONEY ISSUE

**STANDARD & POOR'S: AAA**

(See "Ratings" herein)

*In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming the material accuracy of representations and continuing compliance by the Town with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is not included in gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code, and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including adjusted current earnings of corporations (as defined for federal income tax purposes) for purposes of computing the alternative minimum tax on corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. (See Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein.)*

## **TOWN OF BRANFORD, CONNECTICUT**

**\$19,880,000**

### **GENERAL OBLIGATION BONDS, ISSUE OF 2015 (CONSISTING OF THE REFUNDING AND CAPITAL PROJECTS BONDS) BOOK-ENTRY-ONLY**

#### **Dated: Date of Delivery**

**Due: August 15, 2015-2022**

The Bonds will be general obligations of the Town of Branford, Connecticut (the "Town"), and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. (See "Security and Remedies" herein).

Interest on the Bonds will be payable semiannually on February 15 and August 15 in each year until maturity, commencing August 15, 2015. The Bonds will be issued by means of a book-entry system and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. The Beneficial Owners of the Bonds will not receive certificates representing their ownership interest in the Bonds. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominee as registered owner of the Bonds. Ownership of the Bonds may be in principal amounts of \$5,000 or integral multiples thereof. DTC will act as security depository for the Bonds. So long as Cede & Co. is the Bondowner, as nominee for DTC, reference herein to the Bondowner or owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

#### **The Bonds are NOT subject to optional redemption.**

The Certifying, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, of Hartford, Connecticut.

### **MATURITY SCHEDULE AND AMOUNTS**

Maturity	Amount	Interest Rate	Yield	CUSIP (1)	Maturity	Amount	Interest Rate	Yield	CUSIP (1)
2015	\$ 600,000	2.000%	0.350%	105385VW5	2020	\$ 1,750,000	2.000%	1.360%	105385WB0
2016	2,080,000	2.000	0.380	105385VX3	2020	1,050,000	5.000	1.360	105385WE4
2017	3,125,000	2.000	0.680	105385VY1	2021	2,900,000	5.000	1.520	105385WC8
2018	3,540,000	2.000	0.960	105385VZ8	2022	2,000,000	5.000	1.690	105385WD6
2019	2,835,000	5.000	1.190	105385WA2					

**PiperJaffray**

*The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut. It is expected that delivery of the Bonds in book-entry form will be made to DTC in New York, New York on or about May 5, 2015.*

- (1) Copyright, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Town and are included solely for the convenience of the holders of the Bonds. The Town is not responsible for the selection or use of these CUSIP numbers, does not undertake any responsibility for their accuracy, and makes no representation as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THE ISSUE.  
INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING OF AN  
INFORMED INVESTMENT DECISION.**

No dealer, broker, salesman or other person has been authorized by the Issuer to give any information or to make any representations, other than those contained in this Official Statement or any supplement which may be issued hereto; and if given or made, such other information or representations must not be relied upon as having been authorized by the Issuer. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates are not intended to be representations of fact, and no representation is made that any such opinion or estimate will be realized. The presentation of information in this Official Statement is intended to show recent historic trends and is not intended to indicate future or continuing trends in financial or other positions of the Issuer. No representation is made that past experience, as might be shown by financial or other information herein, will necessarily continue or be repeated in the future. Neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no material change in the affairs of the Issuer since the date of the Official Statement.

The information, estimates and expressions of opinion in this Official Statement are subject to change without notice.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Issuer contained herein do not purport to be complete, are subject to repeal or amendment, and are qualified in their entirety by reference to such laws and the original official documents. All references to the Bonds and the proceedings of the Issuer relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

The Auditors have not provided their written consent to use their Independent Auditor's Report. The Auditors have not been engaged nor performed audit procedures regarding the post audit period nor reviewed the Official Statement.

Bond Counsel is not passing upon and does not assume responsibility for the sufficiency, accuracy or completeness of the statements made or financial information presented in this Official Statement (other than matters expressly set forth as its opinion in Appendix B "Form of Opinion of Bond Counsel and Tax Exemption" herein) and makes no representation that it has independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

Independent Bond and Investment Consultants LLC ("IBIC LLC"), the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. IBIC LLC does not assume responsibility for the sufficiency, accuracy or completeness of the statements made herein and makes no representation that it has independently verified the same.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

**BOND COUNSEL**

**JOSEPH FASI LLC**

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Hartford, Connecticut  
(860) 296-0510*

**INDEPENDENT FINANCIAL ADVISOR**

**INDEPENDENT BOND AND INVESTMENT  
CONSULTANTS LLC (IBIC LLC)**

*Madison, Connecticut  
(203) 245-8715*

## TABLE OF CONTENTS

### **Page #**

### **SECTION I – SECURITIES OFFERED**

Introduction .....	1
Description of the Bonds .....	1
Authorization and Use of Proceeds for the Capital Project Bonds .....	2
Plan of Refunding .....	2
Verification of Mathematical Computations .....	3
Estimated Sources and Uses of Bond Proceeds .....	4
Ratings .....	4
Security and Remedies .....	4
Qualification for Financial Institutions .....	5
Book-Entry Transfer System .....	5
Replacement Bonds .....	7
DTC Practices .....	7
Underwriting .....	7

### **SECTION II – THE ISSUER**

Description of the Town .....	8
Economic and Community Development .....	9
Form of Government .....	10
Municipal Officials .....	10
Summary of Municipal Services .....	11
Educational System .....	15
Educational Facilities .....	15
School Enrollment History .....	15
Municipal Employment .....	16
Municipal Employment by Category .....	16
Municipal Employees Bargaining Organizations .....	17

### **SECTION III – ECONOMIC AND DEMOGRAPHIC DATA**

Population Trends .....	18
Age Characteristics of Population .....	18
Selected Wealth and Income Indicators .....	18
Income Distribution .....	18
Educational Attainment .....	19
Employment by Industry .....	19
Major Employers .....	20
Unemployment Rate Statistics .....	20
Number and Value of Building Permits .....	21
Characteristics of Housing Units .....	21
Age Distribution of Housing .....	21

### **SECTION IV – INDEBTEDNESS**

Computation of Statutory Debt Limit .....	22
Calculation of Net Direct Indebtedness .....	23
Current Debt Ratios .....	23

Historical Debt Statement .....	24
Historical Debt Ratios .....	24
Outstanding Short-Term Indebtedness .....	24
Capital Leases .....	24
Overlapping and Underlying Indebtedness .....	24
Clean Water Fund Program .....	25
Legal Requirements for Approval of Borrowing .....	25
Temporary Financing .....	25
School Projects .....	26
Authorized but Unissued Debt .....	26
Combined Schedule of Long Term Debt through Maturity .....	27

## **SECTION V – FINANCIAL DATA**

Accounting Policies .....	28
Basis of Accounting .....	28
Audit .....	28
Budgetary Procedures .....	28
Employee Pension Systems .....	28
Other Post Employment Benefits .....	30
Investment Policies and Procedures .....	31
Assessment Practices .....	31
Tax Collection Procedure .....	32
Property Tax Levies and Collections .....	32
Taxable Grand List .....	32
Largest Taxpayers .....	33
Revenues .....	33
Property Tax Revenues .....	33
Intergovernmental Revenues .....	34
Expenditures .....	34
Comparative General Fund Operating Statement – (Budget and Actual – Budgetary Basis) .....	35
Balance Sheet – General Fund .....	36
Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund .....	37

## **SECTION VI – ADDITIONAL INFORMATION**

Litigation .....	38
Availability of Continuing Disclosure Information .....	38
Financial Advisor .....	38
Documents Accompanying Delivery of the Bonds .....	38
Concluding Statement .....	39

## **APPENDICES**

<b>Appendix A – Audited Financial Statements .....</b>	<b>A-1</b>
<b>Appendix B – Form of Opinion of Bond Counsel and Tax Exemption .....</b>	<b>B-1</b>
<b>Appendix C – Form of Continuing Disclosure Agreement .....</b>	<b>C-1</b>

## SECTION I - SECURITIES OFFERED

### Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of Branford, Connecticut (the "Town") with assistance from the financial advisor in connection with the issuance and sale of \$19,880,000 General Obligation Bonds, Issue of 2015 (the "Bonds").

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The presentation of information in this Official Statement is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Additional information concerning the Town may be obtained from contacting the Town's financial advisor, Independent Bond and Investment Consultants, LLC ("IBIC") at 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443 or (203) 245-8715.

### Description of the Bonds

The Bonds will be issued in an aggregate amount of \$19,880,000, of which \$17,580,000 (the "Refunding Bonds") will be used to advance refund all or a portion of the outstanding principal amounts of the Town's \$12,770,000 General Obligation Bonds, Issue of 2010, dated September 1, 2010, \$6,155,000 General Obligation Refunding Bonds, Issue of 2011, dated March 29, 2011 and \$13,080,000 General Obligation Bonds, Issue of 2011, Series B, dated August 18, 2011 (collectively, the "Refunded Bonds"). (See "Plan of Refunding" herein). The remaining amount of \$2,300,000 (the "Capital Projects Bonds") will be used to finance new capital projects of the Town. (See "Authorization and Use of Proceeds for the Capital Projects Bonds" herein). The Refunding Bonds and the Capital Projects Bonds will collectively be referred to as the Bonds.

The Bonds will be dated the date of delivery and will mature on the dates and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable February 15 and August 15 in each year, commencing August 15, 2015. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months at the rate or rates per annum specified on the cover of this Official Statement by the Underwriter and will be payable to the registered owners of the Bonds as of the last business day of January and July in each year. A book-entry system will be employed evidencing ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein.) The Registrar, Certifying Bank, Transfer, Paying and Escrow Agent will be U.S. Bank National Association of Hartford, Connecticut. The legal opinion on the Bonds will be rendered by Joseph Fasi LLC, of Hartford, Connecticut. (See Appendix B – "Form of Opinion of Bond Counsel" and "Tax Exemption" herein). The Bonds shall NOT be designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. **The Bonds are NOT subject to redemption prior to maturity.**

## Authorization and Use of Proceeds for the Capital Projects Bonds

### Authorization:

The Capital Projects Bonds are issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of Branford, and certain bond resolutions adopted by the Representative Town Meeting.

Use of Proceeds: Proceeds of the Capital Projects Bonds will be used as follows:

Projects	Amount of Total Authorization	Notes Outstanding	Additions	(Reductions)	The Capital Projects Bonds (This Issue)
Board of Education Capital Projects (2015)	\$ 1,550,000	\$ -	\$ 205,000	\$ -	\$ 205,000
Branford Hills School Demolition	560,000	-	200,000	-	200,000
Harbor Street Culvert	1,565,000	-	150,000	-	150,000
Community Center Design Improvements	500,000	-	200,000	-	200,000
Pump Station Renovations	2,500,000	-	1,500,000	-	1,500,000
Stony Creek Dredging	150,000	-	45,000	-	45,000
Total	<u>\$ 6,825,000</u>	<u>\$ -</u>	<u>\$ 2,300,000</u>	<u>\$ -</u>	<u>\$ 2,300,000</u>

### Plan of Refunding

The Refunding Bonds are being issued pursuant to a refunding bond resolution (the "Resolution") adopted by the Town's Representative Town Meeting ("RTM") at a meeting held March 25, 2015. The Resolution authorizes the issuance of bonds in an amount not to exceed \$19,600,000 to be applied to the refunding in whole or in part of the outstanding principal of and interest and any call premium on the Town's General Obligation Bonds, Issue of 2010, dated September 1, 2010, General Obligation Refunding Bonds, Issue of 2011, dated March 29, 2011 and General Obligation Bonds, Issue of 2011, Series B, dated August 18, 2011 (collectively, the "Refunded Bonds") and the payment of costs of issuance of the Refunding Bonds.

The refunding is contingent upon delivery of the Bonds.

Issue	Dated Date	Maturity Date	Amount Outstanding	Interest Rate	Redemption Date	Redemption Price	CUSIP
2010	9/1/2010	9/1/2016	\$ 925,000	2.000%	9/1/2015	100.0%	105385UF3
2010	9/1/2010	9/1/2017	870,000	2.000	9/1/2015	100.0	105385UG1
2010	9/1/2010	9/1/2018	925,000	2.000	9/1/2015	100.0	105385UH9
2010	9/1/2010	9/1/2019	925,000	2.000	9/1/2015	100.0	105385UJ5
2010	9/1/2010	9/1/2020	925,000	2.125	9/1/2015	100.0	105385UK2
2010	9/1/2010	9/1/2021	925,000	2.375	9/1/2015	100.0	105385UL0
2010	9/1/2010	9/1/2022	925,000	2.500	9/1/2015	100.0	105385UM8
2010	9/1/2010	9/1/2023	925,000	2.625	9/1/2015	100.0	105385UN6
2010	9/1/2010	9/1/2024	925,000	2.750	9/1/2015	100.0	105385UP1
2010	9/1/2010	9/1/2025	900,000	2.750	9/1/2015	100.0	105385UQ9
			<u>9,170,000</u>				
2011	3/29/2011	2/1/2017	285,000	3.000%	2/1/2016	100.0%	105385UW6
2011	3/29/2011	2/1/2018	285,000	3.000	2/1/2016	100.0	105385UX4
			<u>570,000</u>				

Issue	Dated Date	Maturity Date	Amount Outstanding	Interest Rate	Redemption Date	Redemption Price	CUSIP
2011, Series B	8/18/2011	8/15/2017	\$ 925,000	4.000%	8/15/2016	100.0%	105385VD7
2011, Series B	8/18/2011	8/15/2018	925,000	2.000	8/15/2016	100.0	105385VE5
2011, Series B	8/18/2011	8/15/2019	925,000	2.250	8/15/2016	100.0	105385VF2
2011, Series B	8/18/2011	8/15/2020	925,000	4.000	8/15/2016	100.0	105385VG0
2011, Series B	8/18/2011	8/15/2021	925,000	3.000	8/15/2016	100.0	105385VH8
2011, Series B	8/18/2011	8/15/2022	925,000	3.000	8/15/2016	100.0	105385VJ4
2011, Series B	8/18/2011	8/15/2023	925,000	3.000	8/15/2016	100.0	105385VK1
2011, Series B	8/18/2011	8/15/2024	925,000	3.250	8/15/2016	100.0	105385VL9
2011, Series B	8/18/2011	8/15/2025	925,000	3.400	8/15/2016	100.0	105385VM7
2011, Series B	8/18/2011	8/15/2026	805,000	3.500	8/15/2016	100.0	105385VN5
			<u>9,130,000</u>				
TOTAL			<u>\$ 18,870,000</u>				

Upon delivery of the Bonds, a portion of the proceeds together with certain funds of the Town will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement"), dated as of the date of delivery of the Bonds, between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase direct non-callable obligations of the United States of America or other securities permitted by Section 7-400 of the General Statutes (the "Escrow Securities"), the maturing principal and interest on which will be sufficient, together with any uninvested cash, to pay the interest on and the principal and redemption price of the respective Refunded Bonds coming due on and prior to their respective redemption dates. See "Verification of Mathematical Computations" below. The maturing principal of and interest on the Escrow Securities, together with any uninvested cash, held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds.

The Connecticut General Statutes provide that upon placement in escrow of proceeds of refunding bonds sufficient to provide for the payment of the principal, interest and call premium payments on the bonds to be funded by such refunding bonds, such bonds are no longer counted in computing the Town's debt for statutory debt limitation purposes.

### Verification of Mathematical Computations

The accuracy of the mathematical computations as of the date of the closing on the Bonds of (1) the adequacy of the maturing principal amounts of the Escrow Securities together with interest income thereon and uninvested cash, if any, to pay when due, the principal, interest and call premium payments required on the Refunded Bonds to and including on the redemption date, (ii) the yield on the Bonds and the Escrow Securities for purposes of determining compliance with certain requirements of Internal Revenue Code of 1986, as amended, and (iii) net present value savings, will be verified by American Municipal Tax-Exempt Compliance Corporation ("AMTEC"). Such verification shall be based on information and assumptions supplied by the Underwriter and the Issuer, and such verification, information, assumptions, and calculations of net present value savings to the Issuer as a result of issuance of the Refunding Bonds, will be relied upon by Bond Counsel in rendering its opinion described herein. AMTEC will express no opinion on the assumptions provided to them, nor as to the exemption from taxation of the interest on the Bonds.

## Estimated Sources and Uses of Bond Proceeds

Estimated sources and uses of proceeds of the Bonds are as follows:

<b>Sources:</b>	The Capital	The Refunding
	Projects Bonds	Bonds
Par Amount	\$ 2,300,000.00	\$ 17,580,000.00
Net Original Issue Premium	50,499.50	1,960,100.10
Total Sources	<u>\$ 2,350,499.50</u>	<u>\$ 19,540,100.10</u>
<b>Uses:</b>		
Deposit to Escrow Deposit Fund	\$ -	\$ 19,376,985.23
Deposit to Capital Project Fund	2,331,473.32	-
Underwriter's Discount	8,382.32	79,427.68
Cost of Issuance	10,643.86	83,687.19
Total Uses	<u>\$ 2,350,499.50</u>	<u>\$ 19,540,100.10</u>

## Ratings

The Bonds have been rated "AAA" by Standard and Poor's ("S&P"). The ratings on the Town's other outstanding bonds are "AAA" by S&P and "Aa1" by Moody's Investors Service, Inc. ("Moody's"). However, the Town has NOT applied for a rating from Moody's for this issue. Such ratings reflect only the views of such rating agencies and any explanation of the significance of such ratings may be obtained from Moody's and S&P at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, and Standard and Poor's Corporation: 55 Water Street, New York, New York 10041. The Town furnished certain information and materials to S&P, some of which may not have been included in this Official Statement. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such rating may have an effect on the market price of the Town's bonds and notes, including the Bonds.

## Security and Remedies

The Bonds will be general obligations of the Town of Branford, Connecticut and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due.

Unless paid from other sources, the Bonds are payable from general property tax revenue of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property, such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and, under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues or Town property to secure the Bonds, or judgments thereon, in priority to other claims.



The Town is subject to suit on its general obligation bonds and notes and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors, including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal or interest on such bonds and notes would also be subject to the applicable provisions of Federal bankruptcy laws, as well as other bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, heretofore or hereafter enacted by the Congress or Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied and to the exercise of judicial discretion. Under the federal bankruptcy code, the Town may seek relief only, among other requirements: it is specifically authorized in its capacity as a municipality or by name to be a debtor under Chapter 9, or by state law or by government officer or organization empowered by state law to authorize such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor.

## **THE TOWN OF BRANFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.**

### **Qualification for Financial Institutions**

The Bonds shall NOT be designated as qualified tax exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of the deduction by financial institutions (as defined by Section 265 (b) of the Code) for interest expense allocable to the Bonds.

### **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each interest rate of Bonds in the aggregate principal amount of such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such the Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Town or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Town or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

## **Replacement Bonds**

The determination of the Town authorizing the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

## **DTC Practices**

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

## **Underwriting**

The Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"), pursuant to the terms of a bond purchase agreement for the Bonds with the Town (the "Bond Purchase Agreement"). Pursuant to the Bond Purchase Agreement, the Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$21,802,789.60 (consisting of the par amount of \$19,880,000.00, plus net original issue premium of \$2,010,599.60, less underwriter's discount of \$87,810.00). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower or yields higher than the public offering prices or yields stated on the cover page hereof. The initial offering prices or yields may be changed, from time to time, by the Underwriter.

The Underwriter and Pershing LLC, a subsidiary of The Bank of New York Mellon Corporation, entered into an agreement (the "Pershing LLC Distribution Agreement") which enables Pershing LLC to distribute certain new issue municipal securities underwritten by or allocated to the Underwriter, including the Bonds. Under the Pershing LLC Distribution Agreement, the Underwriter will share with Pershing LLC a portion of the fee or commission paid to the Underwriter.

The Underwriter has entered into a distribution agreement (the "CS & Co. Distribution Agreement") with Charles Schwab & Co., Inc. ("CS & Co.") for the retail distribution of certain securities offerings including the Bonds, at the original issue prices. Pursuant to the CS & Co. Distribution Agreement, CS & Co. will purchase the Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS & Co. sells.

## **SECTION II - THE ISSUER**

### **Description of the Town**

Settled in 1644 as part of the New Haven Colony, Branford was named in 1653, and adopted its first charter in 1958, amended most recently in 1991.

The Town's land area is 22 square miles, with more than 20 miles of shoreline along Long Island Sound. Located in the south central part of the state in New Haven County, Branford is approximately 90 miles east of Manhattan and 40 miles south of Hartford, the state capital. It is bound on the north by the Town of North Branford, west by the Town of East Haven, south by Long Island Sound, and east by the Town of Guilford.

Branford is an established, suburban residential community with an extensive commercial, retail and modern industrial base. The 2010 U.S. Census reported the Town's population at 28,026.

The Town supports and encourages a balance of industrial, commercial and residential properties and the Town's Economic Development Commission and Planning and Zoning Commission work together towards that end, and often collaborate with the Branford Chamber of Commerce to continuously improve the Town's business climate.

The Town enjoys four direct points of access to Interstate 95. Route 1 (Boston Post Road) as well as State Routes (SR) 139, 142, and 146 (the latter also holding designation as a State Scenic Roadway) all go through Town. The I-95 junction with I-91 is minutes away in New Haven, less than ten miles from the Town green. Branford's stretch of Interstate 95 has recently been improved as part of the federally funded New Haven Harbor Corridor Project, providing wider lanes, new access ramps, and better lighting, making the Branford area safer for everyone on the highway. Commuter bus service is provided by the Greater New Haven Transit District (through the Connecticut Department of Transportation) and DATTCO, a commercial bus serving shoreline communities east of New Haven and R Link service to North Haven and North Branford via Route 139. An in-town jitney service operating seven days a week is being explored.

For rail transportation, Branford is an easy commute to New Haven on the Shore Line East, which also provides direct connections to Metro North service to Manhattan's Grand Central Station and to Amtrak with its new Acela train with service along the entire northeast corridor.

Air travel is a few minutes away at nearby Tweed-New Haven Regional Airport, or approximately 50 minutes away at Bradley International Airport in Hartford. Additional national and international air service is available through New York's JFK and LaGuardia airports (limo service is available from New Haven), as well as T.F. Green in Providence, Rhode Island.

Branford has a diverse economic base, composed of both traditional and high tech manufacturers, a vibrant bioscience community (the Town is host to more biotech jobs than any other single town in the state) and a broad retail component that ranges from big-box to specialty boutiques. Major corporations include, Blakeslee Prestress, Connecticut Hospice, Branford Hills Health Care, Seton Identification Products, Cintas Corporation, Harco Electric, CAS Medical, and 454 Corporation, many of them leaders in their respective fields of bioscience, medical device development, operating manufacturing and research.

Because of Branford's close proximity to New Haven's Yale-New Haven Medical Center which combined with St. Raphael's Hospital in September 2012, which provides approximately 1,500 licensed beds, the Town has over one hundred fifty area physicians whose efforts are supplemented by the Visiting Nurse Association patient and child care programs. In 1980 Branford became the home of Connecticut Hospice, Inc., the nation's first hospice. The 52 bed inpatient facility treats terminally ill patients and family, as well as providing an 18 town area home care program. Combined the facility employs 156 full time staff. The Town also has a 190 bed skilled nursing facility licensed by the State of Connecticut for Medicaid and Medicare beneficiaries offering in-patient and out-patient rehabilitation services. In addition, there is a 110 unit apartment complex for assisted living licensed by the State of Connecticut, and a 90 apartment congregate living center and retirement home.

Financial institutions in the Town include Capital One Bank, Citizens Bank, The First Niagara Bank, Wells Fargo Bank, Bank of America, People's United Bank, Sovereign Bank, Liberty Bank, Guilford Savings Bank, United Shoreline Credit Union and TD Bank.

## Economic and Community Development

Branford has a diverse economic base, composed of both traditional and high tech manufacturers, a vibrant bioscience community along with a broad retail component ranging from big-box to specialty boutiques. The Town's major industry clusters include *manufacturing*, with Alcoa Howmet, Blakeslee Prestress, Cintas Corporation, Harco Electric, Massey Glass and Munger Construction. A recent manufacturing subset has developed in Branford as the Town now has four breweries, with two of them occupying manufacturing facilities of 30,000 plus square feet. *Health care* is another industry cluster, with Branford Hills Health Care, CAS Medical, Connecticut Hospice, Connecticut Orthopedic Center, Stony Creek Urgent Care, and Hearth at Gardenside. Hearth at Gardenside continues to grow with plans to expand the urgent care facility and with recent zoning approval for the construction and operation of a 60 plus bed memory / Alzheimer's care facility. In *biotech*, Branford boasts one of the state's strongest communities including the Axerion Therapeutics, AxioMx, BioXcel, Celldex, Core Informatics, Durata Therapeutics, Forma, and the newly arrived Mt. Sinai Genetic Testing Lab. Mt. Sinai Testing Lab and Core Informatics are already making plans to expand. A diverse *retail* community ranges from WalMart to independently owned and nationally recognized specialty shops, such as "Zane's Cycles". Current expansions are now underway in several business sectors. For example, American Polyfilm Inc., a custom polyurethane film producer, is constructing a new 24,000 square foot facility. Wilson Arms, a manufacturer of specialty rifle barrels, has purchased another 26,000 square foot building following a recent 20,000 square foot expansion at its nearby headquarters site. All of these physical expansions are accompanied by increased staffing and employment.

The Town's economic development office works closely with its resident businesses on issues ranging from expansion efforts to training. The Town has a strong record of providing assistance to a variety of businesses, including Atlantic Wire, Branford Hills Health Care, Harco Electric, and Robinson Tape & Label to access federal funding for training their existing workforce, making the employees more efficient and the companies more competitive.

A major project to revitalize the center of Town was completed in the early 1990s. The "Town Center Revitalization" included new streets and sidewalks, lighting, public parking lots and streetscape improvements to the Town Center. The revitalization was a cooperative effort between private property owners and the Town in which owners agreed to enlarge and improve building façades and the Town agreed to provide infrastructure improvements to benefit all merchants within the designated area. This program has greatly enhanced the area around the Town Green, which has further encouraged greater retail trade and business in that part of Town. As a result, the Branford Town Center is often used by the Yale's Center for Urban Design and others as a model town center. For the past few years, the Town has revisited that project and is now working with engineers and consultants to build on the success of the revitalization project of twenty years ago and to redesign both vehicular and pedestrian traffic flow, improve parking availability, and upgrade lighting and signage. The Town has been successful the past couple of years in winning state grants and securing funding to continue with the maintenance and upgrade of the Town Center's infrastructure. Examples are the re-design, paving, and landscaping of a highly visible and strategically placed parking lot across from the Town Green, as well as separate funding to extend the walkway and lighting on Main Street along the side and back of the Town Green.

Today, Branford's Town Green is home to nationally known specialty stores such as "soundRUNNER" and restaurants such as "Le Petite Café", acclaimed by the *New York Times* as "excellent" and is top rated by Zagat's and "G-Zen". Le Petite Café is also recognized as one of the top ten vegetarian restaurants in the country. The Town Center boasts dozens of specialty boutiques that are a destination for shoppers throughout the region and attracts visitors from lower Fairfield County and New York's Westchester County. With the initiation of weekly jazz concerts on the Town Green throughout the summer, Branford's Town Center continues to enhance its position as a shoreline destination.

Commercial development in the Town Center includes "Green View Commons", a new 119-unit apartment complex located one block from the Town Green and an easy walk to the Blackstone Library, Post Office, and Main Street's shops and restaurants. Located south of the Town Green, a proposed re-development of a seven and one-half acre manufacturing complex received unanimous zoning approval and broad community support. The project will transform the industrial site into a mixed use commercial and residential complex that is an easy walk to the Town Green, the train station, and to the Branford River. The \$55 million project is designed to meet a demonstrated need for housing opportunities for the young professionals who have expressed a desire to live with easy access to transit rail and bus service and close to all the amenities the Town Center offers with its restaurants and entertainment.

In December 2008, the Town finished a two year effort to update its decennial comprehensive Plan of Conservation and Development ("POCD"), which among other things will provide for improved utilization of underdeveloped land in Town and will encourage redevelopment in high traffic commercial areas, particularly along the Route 1 corridor. Simultaneous to the POCD, the Town also established a strategic planning committee, the "Vision Group", to look beyond the ten year span of the POCD and to address issues on a broader basis than required. An integral part of this effort was the Economic Development Commission's ("EDC") work on its first ever "Action Plan". With this report providing the basis for the business development section of the POCD, the EDC has begun work on a targeted business study intended to identify which types of business will best fit into the various existing commercial zones, emphasizing those areas near Branford's four interchanges on I-95, as well near the Town's new train station. Recently the EDC has engaged the area's prominent commercial brokers, developers and property owners as part of an effort to devise a process that streamlines and simplifies the regulatory process, and raises the profile of the Town as a place for business growth and expansion.

The train station is currently undergoing a second expansion. After having had its parking capacity doubled, work is now underway with the construction of a new drop-off/pick-up site for commuters. This DOT work is in addition to three highway projects currently underway to improve Route 1 in Branford at major intersections. Scheduled for completion this fall, each newly constructed intersection will include new turn lanes, installation of sidewalks, and improved signage and signals.

The Town is also close to completion of its long-range waste water treatment project to upgrade its pump stations and reline its sewer lines throughout Town. Branford's award winning waste water treatment plant is expected to generate a revenue stream to the Town this year of more than \$125,000 as a result of its participation in the state's nitrogen exchange program.

### Form of Government

Branford is administered by a First Selectman, who acts as the Chief Executive Officer, a Board of Selectmen, a Representative Town Meeting ("RTM"), and a six member Board of Finance that constitute the Selectmen/Board of Finance/RTM form of government.

General Town elections are held on the first Tuesday after the first Monday in November of each odd numbered year to elect the Board of Selectmen, Town Treasurer, Tax Collector, Town Clerk, and members of the RTM. Their terms of office are for two years.

The Board of Finance consists of six members who are appointed by the Board of Selectmen. No more than three can be members of the same political party.

The RTM is made up of thirty elected members representing five voting districts. The members of the RTM choose one of their members to be Moderator of the RTM, who presides over all its meetings.

The legislative power of the Town is vested exclusively in the RTM, except as otherwise provided for by the electors. The RTM has the power to enact, amend, or repeal ordinances not inconsistent with the Charter or the General Statutes of the State. The electors have the power to approve or reject an ordinance by referendum, as provided in the Charter. The Board of Finance prepares the annual budget for recommendation to the RTM and sets the mill rate, as prescribed by Town Charter.

### Municipal Officials

	<u>Selection</u>	<u>Term Expires</u>	<u>Years of Service</u>
James B. Cosgrove - First Selectman	Elected	11/15	1.5
Joseph E. Higgins, Jr. - Selectman	Elected	11/15	1.5
Bruce E. Storm - Selectman	Elected	11/15	1.5
Lisa E. Arpin - Town Clerk	Elected	1/16	1.5
Joanne P. Cleary - Tax Collector	Elected	11/15	8.5
Michael T. Nardella - Treasurer	Elected	11/15	1.5
William A. Aniskovich - Town Attorney	Appointed	Indefinite	1.5
Joseph Mooney - Board of Finance Chairman	Appointed	7/31/2016	23.0
Barbara Neal - Assessor	Appointed	Indefinite	14.0
Hamlet M. Hernandez - Superintendent of Schools	Appointed	Indefinite	5.0
James P. Finch, Jr. - Finance Director	Appointed	Indefinite	17.0
Blum, Sharpiro & Company, PC - Independent Auditor	Appointed	Indefinite	19.0
Independent Bond and Investment Consultants LLC - Financial Advisors	Appointed	Indefinite	20.0

Source: Town of Branford.

## Summary of Municipal Services

**Police:** The Branford Connecticut Police Department, organized in 1929, provides police services to the community. Branford has a land area of about 22 square miles and a population of approximately 30,000 residents and is the largest town on the shoreline between New Haven and New London, Connecticut. The Police Department responds to approximately 25,000 calls for service per year. Branford is one of only 5 municipalities in the state which is authorized to operate a satellite police academy.

The Police Department is directed by the Chief and is overseen by a 6 member bipartisan volunteer, civilian police commission. The Police Department utilizes sophisticated computer aided dispatch and crime analysis systems along with the latest advances in mobile computing to provide exemplary community and predictive policing services to the town. By using predictive analytics to support its crime prevention operations, the department has been able to deliver an 80% reduction in traffic wrecks and a 25% reduction in the crime rate during the last 18 months. The department was one of the first agencies in the state to participate fully in U.S. Department of Justice National Incident Based Reporting System ("NIBRS"). The Police Department is the public safety answering point ("PSAP") for the municipality and houses a fully computerized enhanced emergency 911 public safety communications center. The central communications division serves as a co-located call for service and dispatch center for all Town emergency agencies.

In addition to its excellent patrol division, the department also fields a detective unit for major investigations, domestic violence counseling services, and youth officers, a marine division to provide services to Branford's waterways, and a police canine program. The Branford Police Department is staffed by 60 State of Connecticut POST certified police officers, 10 dispatchers, 6 community service officers and 16 additional civilian support personnel including a crime analyst.

The department is one of only sixteen Connecticut departments to be nationally accredited by the Commission on Accreditation for Law Enforcement Agencies ("CALEA") and subscribes to the highest standards of professionalism in American policing. In addition to CALEA the Branford Police Department is also accredited by the State of Connecticut Police Officer Standards and Training Commission.

**Fire:** Fire protection is provided by thirty five full-time firefighters, one full-time Fire Chief, one Assistant Chief/Fire Marshall, one Training Captain, four Deputy Fire Chiefs and four Captains. The department provides 24 hour service that includes paramedic service. There are six volunteer fire companies that are staffed 24 hours a day with sixty volunteers, with two volunteer Assistant Chiefs and one volunteer Deputy Chief. All company dispatchers are accessible through the E911 system administered jointly by the Police Department and Fire Department. The department has six pumpers, one ladder truck, one rescue vehicle, one emergency van, and two brush trucks, two fireboats and four ambulances. The department recently received a \$225,000 Homeland Security Grant for a new fire boat. The department utilizes state-of-the-art fire apparatus and equipment staffed by highly trained and motivated personnel. The Town recently completed construction on a new fire headquarters facility. The 34,000 square foot LEED certified building provides the department with improved living quarters, administrative areas, apparatus storage and training facilities.

**Public Works and Engineering:** The Public Works Department provides the Town with the professional and technical service oriented activities which are necessary to operate and service the community. The Public Works Department maintains over one hundred miles of roads in Town. Substantial major public improvements of an ongoing nature are provided by the Public Works Department. The Public Works Department is also responsible for a paving and road repair program in which approximately five miles of road are serviced annually through general fund appropriations. The Public Works Department also administers the sidewalk replacement program, maintaining over 25 miles of sidewalks. Snow and ice removal on all public and private roads are the responsibility of the Public Works Department. The Public Works Department also services and maintains the storm water systems throughout the Town. The Tree Warden reports to the Public Works Department and administers all tree planting and maintenance on public land.

**Water Pollution Control Authority:** The Water Pollution Control Authority (the "Authority") oversees sanitary sewer operations in Town including the renovation and installation of sanitary facilities to new and older developments in Town. The Authority has the power to enact user charges and assessment fees to owners benefiting from the system.

The sanitary sewage system, constructed in 1961, consists of a sewage treatment facility, an interceptor line and laterals serving the central business district and surrounding areas. The system serves approximately 90% of the existing commercial and industrial areas of Town and almost 85% of the residences, including all apartments and condominiums. The plant capacity is 4.5 million gallons per day with current flow at approximately 4.1 million gallons per day. The Town also provides service to a portion of North Branford. All areas along Branford's shoreline have sewers with the exception of the Stony Creek - Thimble Island areas, which have strict sanitary sewer requirements approved by the Town and the State Department of Environmental Protection. The Town's new facility was completed in 2002. In 2003, Branford's water treatment plant was one of five such facilities in the country to receive the National Resource Defense Council "Beach Buddy" award in recognition of its efforts and success in improving the quality of the waste water being discharged in to public waterways.

**Parks and Recreation:** The Branford Recreation Department provides and maintains Sliney School Park, Parker Memorial Park, Foote Park, Supply Pond Park, Pisgah Brook, and Young's Pond Park. There are approximately 4,141 acres, or approximately 28% of total Town land, that is dedicated as open space for its residents, consisting of approximately 1,800 acres of Town-owned land, 1,000 acres of water authority land, 870 acres of land trust property, one parcel for wildlife reserve and a 20 mile trail system around the Town. In total, the Town has ten parks, four tennis facilities one pool and two public beaches. The Town sponsors special events, provides programs for special interest groups of all ages, assists community groups in planning recreational activities, conducts workshops, clinics, special playgrounds and camps during the summer, provides lifeguards and beach constables for the waterfront facilities, and offers a wide variety of programs such as softball, tennis, aerobics fitness, indoor and outdoor volleyball, basketball, skiing and after-school programs for youngsters. There are four yacht clubs and fifteen marinas in Branford providing moorings for approximately one thousand boats. With the completion of a new regional YMCA facility in Branford, the Town now has two new swimming pools for residents to use.

**Solid Waste:** The Town owns and operates a transfer station and recycling center, which accepts almost any material generated in Branford from residents, haulers, and small businesses, for disposal or recycling at out-of-town facilities.

Hazardous wastes and large quantities of construction/demolition materials are not accepted. The Town is a member of the Bristol Resource Recovery Facility Operating Committee. Municipal solid waste is transported to that facility as part of a long-term contract, as described below.

The Town has a contract with the Bristol Resource Recovery Facility waste to energy plant (the "Facility") for the disposal of municipal solid waste, pursuant to which it pays a tipping fee of \$50.00 per ton on a minimum required 12,250 tons for fiscal year 2014-15.

Under an Inter-Community Agreement dated August 15, 1985 (the "Inter-Community Agreement"), eleven Connecticut municipalities (the City of Bristol, the Town of Berlin, the Town of Burlington, the City of New Britain, the Town of Plainville, the Town of Plymouth, the Town of Prospect, the Town of Southington, the Town of Washington, the Town of Wolcott and the Town of Warren) formed an Operating Committee, the Bristol Resource Recovery Facility Operating Committee (the "BRRFOC"), authorized by statute to exercise certain rights on the communities' (the "Contracting Communities") behalf in dealing with the Facility. Subsequent to the execution of the Inter-Community Agreement, the Town and the Towns of Seymour and Hartland also became Contracting Communities. The BRRFOC governing board consists of town officials appointed by each of the Contracting Communities and assumes all management decisions for BRRFOC.

Covanta Bristol, Inc. (formerly Ogden-Martin Systems of Bristol, Inc.) (the "Company") operates the Facility, a 650-ton per day mass burn solid waste disposal, electric power generation and resource recovery facility at 170 Enterprise Drive in Bristol, Connecticut. The Company is a subsidiary of Covanta Energy Corporation, a Delaware Corporation ("Covanta"). The Company was formed in 1984 for the purpose of owning, designing, constructing, and operating the Facility for the processing and disposing of certain solid waste ("Acceptable Waste") from each of the Contracting Communities.

The project was funded from the proceeds of the Connecticut Development Authority's (the "Authority") \$73,520,000 Series 1985 Bonds loaned to the Company by the Authority. On May 15, 1995, BRRFOC issued \$68,040,000 in Solid Waste Revenue Refunding Bonds with interest rates varying from 5.20% to 6.50% to current refund \$66,835,000 of outstanding special obligation bonds of the Authority.

All required federal and state permits for construction of the Facility were granted prior to the issuance of the Series 1985 Bonds. Commercial operations began in April of 1988.



Under the Service Agreement, the Company has obligated itself to accept and dispose of, using the Facility and Alternate Disposal Methods, in each contract year at least (1) 200,000 tons per year of Acceptable Waste, (2) the sum of the billing Period Acceptance Guarantees for a Contract Year, and (3) the sum of the Tons delivered during the Contract Year and Acceptable Waste that would have been Waste but for its rejection by the Company or the Service Agreement sum of the yearly Adjusted Guarantee Facility Capacity and the amount of landfill capacity for such Contract Year. Additionally, the Company has obligated itself to operate and maintain the Facility throughout the term of the Service Agreement for a service fee paid by the Contracting Communities through BRRFOC. The Contracting Communities have agreed to use their best efforts to cause to be delivered to the Facility all Acceptable Waste generated within their boundaries up to the Annual Guaranteed Capacity of the Facility and in any event, to deliver, or cause to be delivered, to the Facility, not less than 153,300 tons of Acceptable Waste in each Contract Year. The Company and the Contracting Communities have each agreed to seek additional Acceptable Waste up to the capacity of the Facility. In the event that for any reason such additional Acceptable Waste is not available, each Contracting Community is nevertheless obligated to pay its respective portion of the Service Fee, which is currently \$50.00 per ton for the fiscal year ending June 30, 2015.

Waste disposal by the Company is to be provided through the operation of the Facility or by any other Alternate Disposal Method reasonably acceptable to the Contracting Communities, including permitted sanitary landfills. The Service Fee payable by each contracting Community for such waste disposal service is its pro-rata share, based on its respective tonnage deliveries of Acceptable Waste, of the sum for each monthly billing portion of (1) an amount equal to debt service on the BRRFOC Solid Waste Revenue Refunding Series 1995 Bonds; (2) the Operation and Maintenance Expense; (3) pass-through costs, including certain taxes, insurance, and utility costs, less a credit equal to 90% of all energy revenues and with an adjustment with respect to recovered ferrous metals; and (4) certain incentive payments. The Town is expected to deliver 12,250 tons of Acceptable Waste for fiscal year 2014-15.

If the Facility is temporarily or permanently shut down and partially or completely unable to receive and process Acceptable Waste, the Company is obligated to provide waste disposal services by alternate disposal methods. In such circumstances, the Energy Credit and the Recovered Materials Adjustment will decrease.

The Company is obligated under the Service Agreement to seek to mitigate the effect of any shutdown, and the Operation and Maintenance Expense is to be adjusted to the extent the Facility is unable to receive and process Acceptable Waste, to reflect the Company's actual direct costs of alternate disposal.

For as long as the Service Agreement remains in effect, the Contracting Communities are obligated to pay the Service Fee to the Company whether or not the Contracting Communities deliver Acceptable Waste to the Facility and whether or not the Company disposes of such Acceptable Waste through the Facility. This obligation is absolute and unconditional, it is not subject to any rights of set-off, recoupment or counterclaim any Contracting Community may have against the Company, the Bond Indenture Trustee or any other person, and may not be suspended or discontinued for any purpose. In the event of a payment default under the Service Agreement by any one or more of the Contracting Communities, the non-defaulting Contracting Communities are jointly and severally liable to pay such defaulted amount. Each of the Contracting Communities pledges its full faith and credit to, and is obligated to appropriate, levy taxes, or otherwise raise the funds necessary for the payment in full of all amounts at any given time due from such Contracting Community under the Project Agreement or the Service Agreement to the complete satisfaction of all obligations of such Contracting Community under such agreements.

The Contracting Communities' obligation to pay the Service Fee ceases if the Service Agreement is terminated. If the Service Agreement is terminated due to a default by the Contracting Community, the non-terminating Contracting Communities are obligated to pay amounts sufficient to decrease the Bonds or pay amounts sufficient to make timely payments of principal and interest on the Bonds. If the Service Agreement is terminated due to a default by the Company, the Company is generally obligated to defease the Bonds or continue to make timely payments of principal and interest on the Bonds. If the Company does not perform its obligation under the Service Agreement and Covanta fails to perform such obligations pursuant to the Guaranty Agreement referred to below, the Contracting Communities have certain rights to terminate the Service Agreement and upon termination would be no longer obligated to pay the Service Fee.

The Company provides specific performance to the Contracting Communities under the Project Agreement and the Service Agreement. These include an Annual Acceptance Guarantee and an Energy Efficiency Guarantee of a minimum of 490-kilowatt hours of electricity net of in-plant use per ton of reference composition Acceptable Waste. Specific liquidated damages are payable for failure to meet performance guarantees.

Covanta guarantees the performance of all the obligations of the Company under the Project Agreement and the Service Agreement, including its obligation upon default, pursuant to a guarantee dated as of August 1, 1985 (the "Guaranty Agreement"). The obligations of Covanta under the Guaranty Agreement are absolute and unconditional.

The Town also operates a leaf compost site, and owns and manages a bulky waste landfill which accepts small quantities of demolition debris and land clearing debris through the transfer station; and cover materials, including clean and contaminated soils from the region. The Town provides collection of garbage and recyclables for single family homes through a private hauler. Rebates toward garbage and recycling collection costs are provided for condominium associations.

**Library:** The Town has two libraries available for use by its citizens: The Willoughby Wallace Memorial Library, which is fully funded and operated by the Town, and the James Blackstone Memorial Library, which is partially funded by the Town and is governed by a private Board of Trustees, as established by a Special Act of the Connecticut General Assembly. Both facilities are staffed by full and part-time professional staff, and include over 100,000 volumes for public use. Extensive use is made of computer data retrieval technologies, including CD-ROMS and Internet access. Both libraries are members of the LION a consortium of 25 libraries throughout the state that share an operating system using a common database for circulation and cataloguing services. In addition both libraries provide a variety of cultural events and programs for patrons of all ages.

**Planning and Zoning Commission:** The Town has a combined Planning and Zoning Commission, which processes approximately 100 zoning and subdivision applications each year. In 2008, the Commission completed a 10-year update of the Branford Plan of Conservation and Development and is currently nearing completion of a comprehensive update of both the subdivision and zoning regulations. The Planning and Zoning Department, in addition to providing staff support to the Planning and Zoning Commission, coordinates with other departments, boards and commissions to carry out various planning studies, such as the Targeted Industry Study and the Town Green Study. The Department also administers the Small Cities grant program, which has garnered over four million dollars for Branford projects over a period of fifteen years.

**Water:** The South Central Connecticut Regional Water Authority (the "Authority") provides water services to the Town and the New Haven region. Under the legislation creating the Authority, the Authority is required to pay the Town an annual payment in lieu of taxes ("PILOT") for the Authority's property within the Town boundaries. The assessed value of the Authority's property in Branford is \$9,971,240 on the Grand List of 10/01/13, generating a PILOT payment of \$261,645 for fiscal year 2014-15. The assessed value of the Authority's property in Branford is \$9,843,573 on the Grand List of 10/01/14, the calculation for the PILOT payment for fiscal year 2015-16 will not be completed until the budget is adopted and the mill rate has been set.

**Electric:** The Town is served by the Eversource, a publicly owned utility.

**Counseling Center:** Branford operates a municipal mental health agency licensed by the Connecticut Department of Public Health. It is an approved Substance Abuse Facility and serves as the Town's Youth Service Bureau. The agency is also a licensed psychiatric outpatient and substance abuse facility for adults and children. Services are provided by Master's level clinicians and by psychiatrists. The Center is a Medicare and Medicaid provider and accepts most commercial health plans.

## Educational System

An elected nine member Board of Education is responsible for the operation of the six Branford Public Schools. The Town of Branford Public School system provides comprehensive educational programs to students in grades pre-kindergarten through grade twelve. It also provides a wide range of adult education courses as part of a regional collaboration to numerous and varied segments of the community.

The grade structure of the public school system is pre-kindergarten; kindergarten through grade 4; grades 5 through 8 (intermediate school); and grades 9 through 12 for high school. A complete program of basic skills is offered to all students. The public schools also offer comprehensive special education services. In addition, there is a wide variety of extracurricular activities including sports.

## Educational Facilities

Schools	Grades	Date Occupied	Additions / Renovations	Number of Classrooms	Enrollment 10/01/14	Capacity
Indian Neck	EYP (1)	1950		8	39	200
Mary T. Murphy	PreK-4 (2)	1960	1991	24	414	500
Mary R. Tisko	K-4 (2)	1960	1991	24	388	500
John B. Sliney	PreK-4 (2)	1928	1979	19	355	500
Branford Intermediate (3)	5-8	1972		74	916	1500
Branford High School	9-12	1958	1964, 1970, 1982, 1995, 1999	88	970	1,400
Total				237	3,082	4,600

(1) Early Years Program (EYP), Family Resource Center, and School-Age Child Care Program.

(2) Mary T. Murphy School PreK (28) and John B. Sliney School PreK (16) included in total enrollment; total PreK is 44.

(3) This school is an open-plan facility. The number of classrooms listed is a conversion from the open-plan to the approximate number of teaching stations.

Source: Central Administration - Branford Board of Education.

## School Enrollment History

As of October 1	Actual			
	PreK-4	6 - 8	9 - 12	Total (1)
2004	1,327	1,105	1,176	3,608
2005	1,314	1,124	1,178	3,616
2006	1,294	1,097	1,201	3,592
2007	1,249	1,082	1,146	3,477
2008	1,285	1,083	1,111	3,479
2009	1,280	1,113	1,109	3,502
2010	1,278	1,040	1,098	3,416
2011	1,236	1,020	1,066	3,322
2012	1,222	990	1,048	3,260
2013	1,247	942	1,054	3,243
2014	1,196	916	970	3,082

(1) Includes Pre-kindergarten students and special education; does not include tuition and non-graded students.

Source: Branford Board of Education and State of Connecticut Department of Education.

## Municipal Employment (1)

<u>Fiscal Year</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Government (1)	218	221	217	218	218	216	215	216	213	211
Board of Education (2)	544	542	537	514	514	514	536	525	530	507
Totals	<u>762</u>	<u>763</u>	<u>754</u>	<u>732</u>	<u>732</u>	<u>730</u>	<u>751</u>	<u>741</u>	<u>743</u>	<u>718</u>

(1) Budgeted positions.

(2) Board of Education employee figures listed are full time equivalents ("FTEs").

Source: Town Officials

## Municipal Employment by Category

<u>Department</u>	<u>Employees</u>
<u>General Government Employees (1)</u>	
General Government	37
Public Safety	106
Public Works	44
Health & Welfare	22
Recreation	7
Libraries	2
Subtotal	<u>218</u>
<u>Board of Education Employees (2)</u>	
Administration and Principals	15
Teachers	309
Other	220
Subtotal	<u>544</u>
Total Town Employees	<u>762</u>

(1) Budgeted positions.

(2) Board of Education employee figures listed are full time equivalents ("FTEs").

Source: Town Officials.

## Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
<b><u>GENERAL GOVERNMENT</u> (1)</b>			
Dispatchers	Connecticut Organization for Public Safety	10	6/30/2013 (2)
Municipal	United Public Services Employees Union	23	6/30/2016
Police Department	United Public Services Employees Union	49	6/30/2013 (2)
Fire Department	United Public Services Employees Union	34	6/30/2016
Recreation & Custodian	United Public Services Employees Union	9	6/30/2016
Public Works	United Public Services Employees Union	20	6/30/2016
Treatment Plant	United Public Services Employees Union - Local #424, Unit #5	12	6/30/2017
Town Employees	AFSCME AFL-CIO #4	21	6/30/2017
Town Supervisors	AFSCME AFL-CIO #5	12	6/30/2017
	Total Organized	190	
	Non-Unionized	28	
	Sub-total General Government	218	
<b><u>BOARD OF EDUCATION</u> (3)</b>			
Support Staff	Branford Association of Support Staff	35	6/30/2017
Administrators	Branford Administrators Organization	15	6/30/2017
Certified Teachers	Branford Education Association	309	6/30/2018
Nurses	AFSCME AFL-CIO # 4 Local 1303-365	9	6/30/2017
Custodians	AFSCME AFL-CIO # 4 Local 1303	36	6/30/2017
Paraprofessionals	UE Local 222, CILU/CIPU, CILU #88	137	6/30/2015 (4)
	Total Organized	541	
	Non-Unionized	3	
	Sub-total Board of Education	544	
Total Town Employees		762	

- (1) Budgeted positions.
- (2) Negotiations completed, awaiting approvals.
- (3) Board of Education employee figures listed are full time equivalents ("FTEs").
- (4) In negotiations.

Connecticut General Statutes Sections 7-473c, 7-474, and 10-153a to 10-153n provide a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipality may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either of the parties. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of 5% or less is not available for payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and the wages, salaries, fringe benefits and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

## SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

### Population Trends

Year	Town of Branford	New Haven County	State of Connecticut
1960	16,610	660,315	2,535,234
1970	20,444	744,948	3,032,217
1980	23,363	761,337	3,107,564
1990	27,603	804,219	3,287,116
2000	28,683	824,008	3,405,565
2010	28,026	862,447	3,475,097

Source: U.S. Census Bureau.

### Age Characteristics of Population

	Town of Branford	New Haven County	State of Connecticut
Under 5 years of age	1,120	48,663	202,106
5 - 19 years of age	4,312	170,364	713,670
20 - 24 years of age	1,305	59,639	227,898
25 - 44 years of age	6,387	221,898	904,815
45 - 64 years of age	9,515	237,941	1,019,049
Over 65 years of age	5,387	123,972	506,559
Total	28,026	862,477	3,574,097

Source: U.S. Census Bureau, Census 2010.

### Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2013)	(2000)	(2013)
Town of Branford	\$ 69,510	\$ 88,421	\$ 32,301	\$ 42,521
New Haven County	60,549	79,408	24,439	32,523
Connecticut	65,521	87,245	28,766	37,892
United States	49,600	64,719	21,690	28,155

Source: U.S. Census Bureau, Census 2000 and 2009-2013 American Community Survey.

### Income Distribution

	Town of Branford		New Haven County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	285	3.7	9,093	4.3	29,895	3.3
10,000 to 14,999	94	1.2	5,923	2.8	19,176	2.1
15,000 to 24,999	341	4.5	12,876	6.0	47,219	5.2
25,000 to 34,999	366	4.8	15,963	7.5	56,997	6.3
35,000 to 49,999	434	5.7	21,560	10.1	86,025	9.5
50,000 to 74,999	1,582	20.7	35,489	16.6	143,989	15.9
75,000 to 99,999	1,272	16.7	30,813	14.4	131,874	14.6
100,000 to 149,999	1,568	20.6	43,843	20.5	187,718	20.8
150,000 to 199,999	793	10.4	20,256	9.5	90,602	10.0
200,000 or more	895	11.7	17,884	8.4	109,982	12.2
Total	7,630	100.0	213,700	100.0	903,477	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

**Educational Attainment**  
**Years of School Completed, Age 25 & Over**

	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
Less than 9th grade	612	2.9	27,774	4.7	109,133	4.5
9th to 12th grade	1,042	4.9	40,986	7.0	155,272	6.4
High School Graduate	5,327	25.1	178,853	30.5	678,370	27.8
Some College	3,950	18.6	104,346	17.8	431,469	17.7
Associate Degree	1,720	8.1	41,678	7.1	178,597	7.3
Bachelor Degree	4,684	22.1	104,413	17.8	498,124	20.4
Graduate or Professional Degree	3,881	18.3	88,964	15.2	392,796	16.1
Total	21,216	100.0	587,014	100.0	2,443,761	100.0
Total high school graduate or higher (%)		92.2%		88.3%		89.2%
Total bachelor degree or higher (%)		40.4%		32.9%		36.5%

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

**Employment by Industry**

Employment Sector	Town of Branford		New Haven County		State of Connecticut	
	Number	%	Number	%	Number	%
Agriculture, Forestry, Fishing, Hunting & Mining	0	-	1,325	0.3	6,945	0.4
Construction	833	5.7	20,697	4.9	99,444	5.7
Manufacturing	1,192	8.1	49,939	11.9	193,945	11.0
Wholesale Trade	403	2.8	10,942	2.6	43,550	2.5
Retail Trade	1,725	11.8	45,349	10.8	191,841	10.9
Transportation, Warehousing & Utilities	586	4.0	16,435	3.9	65,630	3.7
Information	584	4.0	10,214	2.4	41,588	2.4
Finance, Insurance & Real Estate	890	6.1	27,026	6.5	160,976	9.1
Professional, Scientific & Management	1,410	9.6	38,502	9.2	194,959	11.1
Educational Services & Health Care	4,550	31.1	131,941	31.5	464,177	26.4
Arts, Entertainment, Recreation & Food Services	1,365	9.3	32,236	7.7	148,097	8.4
Other Service (including nonprofit)	551	3.8	18,080	4.3	81,443	4.6
Public Administration	541	3.7	15,936	3.8	66,817	3.8
Total	14,630	100.0	418,622	100.0	1,759,412	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of Branford	Municipality	762
Connecticut Hospice	Hospice	365
Branford Hills Health Care	Health Care	285
454 Corporation	Bioscience	265
Wal-Mart	Retail Store	260
Blakeslee Prestress	Manufacturing	250
Stop & Shop	Retail Store	190
Cintas	Service	182
Harco Labs	Environmental	180
Seton Name Plate	Manufacturing	178
Kohl's	Retail Store	163
A&P Foodmart	Retail Store	157
CAS Medical	Manufacturing	139
Turbine Components	Manufacturing	95

Source: Town of Branford.

## Unemployment Rate Statistics

Yearly Average	Town of Branford %	New Haven Labor Market %	State of Connecticut %	United States %
2005	4.0	5.0	4.9	5.1
2006	3.4	4.5	4.3	4.6
2007	3.9	4.8	4.5	4.6
2008	4.9	5.9	5.7	5.8
2009	6.6	7.9	8.0	9.3
2010	7.5	9.2	9.0	9.6
2011	7.5	9.3	8.8	9.0
2012	7.3	8.7	8.3	8.1
2013	6.7	8.2	7.9	7.4
2014	5.6	6.9	6.7	6.2
2015 Monthly				
January	6.0	6.7	6.8	6.1
February	6.1	6.8	6.9	5.8

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.



## Number and Value of Building Permits

Calendar Year	Single & Two Family		Commercial/Industrial		Other Construction		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2014	31	\$ 7,185,413	5	\$ 6,769,098	2,008	\$ 27,147,426	2,044	\$ 41,101,937
2013	43	12,986,885	5	3,272,524	2,447	33,423,818	2,495	49,683,227
2012	29	9,120,795	2	883,650	2,148	25,116,669	2,179	35,121,114
2011	18	5,079,000	4	6,511,350 (1)	1,911	26,698,774	1,933	38,289,124
2010	26	7,934,257	4	2,572,680	2,010	24,639,616	2,040	35,146,553
2009	18	4,631,841	7	8,304,557	1,549	32,845,696	1,574	45,782,094
2008	28	7,659,751	9	5,083,408	1,707	26,258,421	1,744	39,001,580
2007	32	8,148,850	1	395,000	2,200	29,575,357	2,233	38,119,207
2006	27	6,788,268	8	4,330,707	3,344	47,222,737	3,379	58,341,712
2005	49	16,198,695	12	10,000,856	2,985	19,825,987	3,046	46,025,538

(1) Includes New Firehouse Project.

Source: Building Department, Town of Branford.

## Characteristics of Housing Units

Value of Owner Occupied Units	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
\$ 0 to \$ 50,000	326	3.9	5,030	2.4	20,800	2.3
50,000 to 99,999	93	1.1	7,404	3.5	24,638	2.7
100,000 to 149,999	260	3.1	19,953	9.5	66,934	7.3
150,000 to 199,999	1,062	12.6	33,865	16.2	135,715	14.8
200,000 to 299,999	2,243	26.7	65,273	31.2	264,832	28.8
300,000 to 499,999	2,797	33.3	56,688	27.1	250,076	27.2
500,000 to 999,999	1,270	15.1	17,761	8.5	114,622	12.5
1,000,000 and over	350	4.2	2,990	1.4	41,872	4.6
Total	8,401	100.0	208,964	100.0	919,489	100.0
<b>Median Value</b>	\$311,400		\$256,900		\$278,900	

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## Age Distribution of Housing

Year Structure Built	Town of Branford		New Haven County		State of Connecticut	
	Number	Percent	Number	Percent	Number	Percent
1939 or earlier	3,086	23.2	95,224	26.3	336,587	22.6
1940 to 1949	689	5.2	25,628	7.1	105,742	7.1
1950 to 1959	1,544	11.6	55,007	15.2	232,555	15.6
1960 to 1969	1,508	11.3	45,842	12.7	200,430	13.5
1970 to 1979	2,154	16.2	47,216	13.1	200,576	13.5
1980 to 1989	2,912	21.9	45,539	12.6	192,185	12.9
1990 to 1999	886	6.7	25,847	7.1	111,295	7.5
2000 to 2009	455	3.4	20,415	5.6	102,666	6.9
2010 or later	70	0.5	1,008	0.3	4,959	0.3
Total housing units	13,304	100.0	361,726	100.0	1,486,995	100.0

Source: U.S. Census Bureau, 2009-2013 American Community Survey.

## SECTION IV - INDEBTEDNESS

### Computation of Statutory Debt Limit

As of May 5, 2015 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2014	
(including interest and lien fees)	\$ 89,408,000
Coterminous Municipalities (1)	1,616,000
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	8,000
Base for Establishing Debt Limit (Thousands)	<u>\$ 91,032,000</u>

#### Debt Limit (2)

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$ 204,822,000					
(4.50 times base)		\$ 409,644,000				
(3.75 times base)			\$ 341,370,000			
(3.25 times base)				\$ 295,854,000		
(3.00 times base)					\$ 273,096,000	
(7.00 times base)						\$ 637,224,000

#### Indebtedness (Including the Bonds)

Bonds Payable	\$ 23,315,000	\$ 3,567,000	\$ 1,323,000	\$ -	\$ -	\$ 28,205,000
The Capital Projects Bonds						
(This Issue)	595,000	205,000	1,500,000	-	-	2,300,000
The Refunded Bonds	(17,433,000)	(1,437,000)	-	-	-	(18,870,000)
The Refunding Bonds						
(This Issue)	16,269,000	1,311,000	-	-	-	17,580,000
State of Connecticut						
Clean Water Fund						
Project Loan						
Obligation ("PLO") (3)	-	-	13,865,281	-	-	13,865,281
Authorized but						
Unissued Debt	6,301,125	1,026,106	1,000,000	-	-	8,327,231
Total Indebtedness	29,047,125	4,672,106	17,688,281	-	-	51,407,512
Less:						
Sewer assessments receivable (4)	-	-	(455,409)	-	-	(455,409)
School grants receivable (5)	-	(110,062)	-	-	-	(110,062)
Total Net Indebtedness	29,047,125	4,562,044	17,232,872	-	-	50,842,041
Excess of Limit Over						
Outstanding and						
Authorized Debt	<u>\$ 175,774,875</u>	<u>\$ 405,081,956</u>	<u>\$ 324,137,128</u>	<u>\$ 295,854,000</u>	<u>\$ 273,096,000</u>	<u>\$ 586,381,959</u>

- (1) Other political subdivisions with power to cause taxes to be levied on taxable property in the Town are numerous tax districts and other associations (hereafter, "districts"). There is no outstanding indebtedness of these districts as of May 5, 2015, of which the Town is aware. Under State Statutes the districts are required to file annual audits and to notify the Town when debt is issued. Information regarding the districts relies upon compliance with the filing requirements.
- (2) Under Connecticut General Statutes, total indebtedness for all classes cannot exceed seven times the base, or \$637,224,000.
- (3) Under the State of Connecticut's Clean Water Fund Program, the Town has issued Project Loan Obligations dated September 30, 1999, March 31, 2003, March 1, 2007 and December 1, 2008 of which \$13,865,281 is currently outstanding. (See "Clean Water Fund" herein).
- (4) Sewer assessment receivable as of June 30, 2014.
- (5) The Town anticipates receiving State of Connecticut principal subsidy grants in the amount of \$110,062 over the remaining life of outstanding school bonds approved prior to July 1, 1996. (See "School Projects" herein).

Source: Town Officials

## Calculation of Net Direct Indebtedness

As of May 5, 2015 (Pro Forma)

### Long-Term Indebtedness (1)

#### Long Term Debt

The Capital Projects Bonds ( <i>This Issue</i> )	\$ 2,300,000
The Refunded Bonds	(18,870,000)
The Refunding Bonds ( <i>This Issue</i> )	17,580,000
General Purpose	23,315,000
Schools	3,567,000
Sewers	1,323,000
State of Connecticut CWF Project Loan Obligation	13,865,281

#### Total Long-Term Indebtedness

43,080,281

#### Short-Term Indebtedness

Notes Payable	-
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#### Total Direct Indebtedness

43,080,281

#### Exclusions:

(School building grants receivable) (2)	(110,062)
(Sewer assessments receivable) (3)	(455,409)

#### Net Direct Indebtedness

\$ 42,514,810

(1) Does not include authorized but unissued debt of \$8,327,231. (See "Authorized but Unissued Debt" herein).

(2) As of May 5, 2015 the Town estimates it has school building construction grants receivable in the amount \$110,062 for school projects approved prior to July 1, 1996. (See "School Projects" herein).

(3) As of June 30, 2014.

Source: Town Officials.

## Current Debt Ratios

As of May 5, 2015 (Pro Forma)

Total Direct Indebtedness (1)	\$43,080,281
Total Net Direct Indebtedness (1)	\$42,514,810
Population (2)	28,026
Net Taxable Grand List (10/1/13)	\$ 3,511,071,799
Estimated Full Value	\$ 5,015,816,856
Equalized Net Taxable Grand List (2012) (3)	\$ 5,030,865,923
Per Capita Income (2013) (4)	\$42,521

#### Total Direct Indebtedness:

Per Capita	\$1,537.15
To Net Taxable Grand List	1.23%
To Estimated Full Value	0.86%
To Equalized Net Taxable Grand List	0.86%
Per Capita to Per Capita Income	3.62%

#### Total Net Direct Indebtedness:

Per Capita	\$1,516.98
To Net Taxable Grand List	1.21%
To Estimated Full Value	0.85%
To Equalized Net Taxable Grand List	0.85%
Per Capita to Per Capita Income	3.57%

(1) Excludes Refunded Bonds, includes the Bonds.

(2) U.S. Bureau of Census, 2010.

(3) Office of Policy and Management, State of Connecticut.

(4) U.S. Bureau of Census, 2009-2013 American Community Survey.

## Historical Debt Statement

	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
Population (1)	28,026	28,026	28,026	28,026	28,026
Net taxable grand list	\$ 3,488,675,562	\$ 3,466,384,192	\$ 3,446,825,087	\$ 3,432,551,052	\$ 3,326,538,299
Estimated full value	\$ 4,983,822,231	\$ 4,951,977,417	\$ 4,924,035,839	\$ 4,903,644,360	\$ 4,752,197,570
Equalized net taxable grand list (2)	\$ 5,030,865,923	\$ 4,906,378,340	\$ 4,932,416,163	\$ 4,939,663,243	\$ 5,401,901,383
Per capita income (3)	\$ 42,521	\$ 42,521	\$ 42,521	\$ 42,521	\$ 42,521
Short-term debt	\$ 5,075,000	\$ 5,910,000	\$ 2,975,000	\$ -	\$ 6,455,000
Long-term debt	\$ 43,250,314	\$ 49,190,318	\$ 54,965,098	\$ 47,339,180	\$ 39,240,380
Total Direct Indebtedness	\$ 48,325,314	\$ 55,100,318	\$ 57,940,098	\$ 47,339,180	\$ 45,695,380
Net Direct Indebtedness	\$ 47,302,623	\$ 53,329,101	\$ 55,363,989	\$ 43,935,971	\$ 41,615,285

- (1) U. S. Bureau of Census.  
(2) Office of Policy and Management, State of Connecticut  
(3) U.S. Bureau of Census, 2009-2013 American Community Survey.

## Historical Debt Ratios

	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>
<b>Total Direct Indebtedness:</b>					
Per capita	\$1,724.30	\$1,966.04	\$2,067.37	\$1,689.12	\$1,630.46
To net taxable grand list	1.39%	1.59%	1.68%	1.38%	1.37%
To estimated full value	0.97%	1.11%	1.18%	0.97%	0.96%
To equalized net taxable grand list	0.96%	1.12%	1.17%	0.96%	0.85%
Debt per capita to per capita income	4.06%	4.62%	4.86%	3.97%	3.83%
<b>Net Direct Indebtedness:</b>					
Per capita	\$1,687.81	\$1,902.84	\$1,975.45	\$1,567.69	\$1,484.88
To net taxable grand list	1.36%	1.54%	1.61%	1.28%	1.25%
To estimated full value	0.95%	1.08%	1.12%	0.90%	0.88%
To equalized net taxable grand list	0.94%	1.09%	1.12%	0.89%	0.77%
Debt per capita to per capita income	3.97%	4.48%	4.65%	3.69%	3.49%

## Outstanding Short-Term Indebtedness

The Town has no outstanding short-term indebtedness.

## Capital Leases

The Town has outstanding Lease Agreements in the amount of \$369,792 as of June 30, 2014. These payments are not included in the outstanding bonded debt.

## Overlapping and Underlying Indebtedness

The Town has no overlapping indebtedness. Other political subdivisions with power to issue underlying indebtedness or cause taxes to be levied on taxable property in the Town are numerous tax districts and other associations. There is no outstanding indebtedness of these districts as of May 5, 2015. (See "Computation of Statutory Debt Limit" footnote (1) herein).

## Clean Water Fund Program

The Town of Branford is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs ("Interim Funding Obligations"). Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under loan agreements entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water loans ("PLO's") outstanding:

Project	Original 2% Loan Amount	Amount Outstanding As of May 5, 2015
CWF PLO 358-D	\$ 1,270,151	\$ 265,343
CWF PLO 358-C	20,929,997	8,012,922
CWF PLO 138-CSL	6,163,287	3,914,987
CWF PLO 139-CSL	2,500,898	1,672,029
	<u>\$ 30,864,333</u>	<u>\$ 13,865,281</u>

## Legal Requirements for Approval of Borrowing

Under Sections 2, 7 and 11 of the Town Charter, bond authorizations are accomplished through the passage of an appropriation and bonding authorization by the Representative Town Meeting (the "RTM"). An appropriation, introduced by the requesting authority, is first introduced to the Board of Finance. The Board of Finance must approve the authorization and recommend the proposal to the RTM. The RTM, after appropriate public notice, votes to approve or disapprove the proposal and appropriate the required funds and authorize the issuance of bonds or notes to meet the appropriation. Such RTM action is subject to referendum approval if a sufficient petition is filed within 15 days of the RTM's adjournment.

## Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20<sup>th</sup> (1/30<sup>th</sup> for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes may be funded beyond ten years from their initial borrowing if written commitment exists for State and/or Federal grants, for terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15<sup>th</sup> of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

### School Projects

The State of Connecticut provides proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. Debt Service reimbursement will continue under the prior program for all school projects approved prior to July 1, 1996. Under the prior program, the State will reimburse principal and interest cost for eligible school construction projects over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund such school projects. Under the new program, the State will make proportional progress payments for eligible construction costs during construction. The Town's current school debt falls under the prior reimbursement program.

### Authorized but Unissued Debt

Projects	Amount Authorized	Prior Financings	Paydowns/ Grants	The Capital Projects Bonds (This Issue)	Authorized But Unissued	
School Ground Road Bridge	\$ 4,975,000	\$ 840,000	\$ 148,875	\$ -	\$ 3,986,125	(1)
Town Capital Improvements (2013)	1,020,000	885,000	-	-	135,000	
Board of Education Capital Projects (2015)	1,550,000	-	318,894	205,000	1,026,106	
Branford Hills School Demolition	560,000	-	-	200,000	360,000	
Harbor Street Culvert	1,565,000	-	-	150,000	1,415,000	
Community Center Design Improvements	500,000	-	-	200,000	300,000	
Pump Station Renovations	2,500,000	-	-	1,500,000	1,000,000	
Stony Creek Dredging	150,000	-	-	45,000	105,000	
Total	<u>\$ 12,820,000</u>	<u>\$ 1,725,000</u>	<u>\$ 467,769</u>	<u>\$ 2,300,000</u>	<u>\$ 8,327,231</u>	

(1) Expected to be paid from State grants.

# **Combined Schedule of Long Term Debt through Maturity**

As of May 5, 2015 (Pro Forma)

Fiscal Year	Principal Payments (1,2)	Interest Payments	Total Debt Service (1,2)	Refunded Bonds Principal Payments	Refunding Bonds Principal Payments	Capital Project Bonds Principal Payments	All Issues Principal (1,3)
2015	\$ 5,179,272	\$ 1,113,990	\$ 6,293,262	\$ -	\$ -	\$ -	\$ 5,179,272
2016	6,354,130	1,071,905	7,426,035	-	-	600,000	6,954,130
2017	6,044,591	890,295	6,934,886	(1,210,000)	1,505,000	575,000	6,914,591
2018	5,935,667	703,619	6,639,286	(2,080,000)	2,650,000	475,000	6,980,667
2019	3,391,661	573,368	3,965,029	(1,850,000)	2,890,000	650,000	5,081,661
2020	3,402,337	504,434	3,906,771	(1,850,000)	2,835,000	-	4,387,337
2021	3,433,670	425,116	3,858,786	(1,850,000)	2,800,000	-	4,383,670
2022	3,465,635	339,963	3,805,598	(1,850,000)	2,900,000	-	4,515,635
2023	2,619,855	262,896	2,882,751	(1,850,000)	2,000,000	-	2,769,855
2024	2,339,659	200,788	2,540,447	(1,850,000)	-	-	489,659
2025	2,349,542	137,139	2,486,681	(1,850,000)	-	-	499,542
2026	2,334,625	71,206	2,405,831	(1,825,000)	-	-	509,625
2027	1,199,883	19,044	1,218,927	(805,000)	-	-	394,883
2028	74,767	437	75,204	-	-	-	74,767
	<u>\$ 48,125,294</u>	<u>\$ 6,314,200</u>	<u>\$ 54,439,494</u>	<u>\$ (18,870,000)</u>	<u>\$ 17,580,000</u>	<u>\$ 2,300,000</u>	<u>\$ 49,135,294</u>

(1) Does not reflect fiscal year 2014-15 principal payments of \$4,055,013 made as of May 5, 2015.

(2) Includes Refunded Bonds, excludes the Bonds.

(3) Includes the Bonds, excludes Refunded Bonds.

Source: Town of Branford.

## SECTION V - FINANCIAL DATA

### Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

### Basis of Accounting

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

### Audit

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Blum, Shapiro & Company, P.C., is the auditors, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, who receive a copy of said audit report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2014, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and the Notes to the Financial Statements, together with the report of the independent auditor as prepared by Blum, Shapiro & Company, P.C., Independent Certified Public Accountants. The information contained in "Appendix A" is not the whole audit report. A full report is available from the Finance Director, Town of Branford, upon request.

### Budgetary Procedures

The Branford Town Charter defines in Section 5 the Town's budgetary policy. The following is the budgetary sequence and time schedule generally followed by the Town:

<u>By the last week of February.</u>	All boards, commissions and department heads (including the Board of Education) submit their revenue and expenditure estimates for the annual budget to the First Selectman.
<u>By the second week of March.</u>	The First Selectman presents budget estimates to the Board of Finance. The Board of Finance holds public and departmental hearings.
<u>By the second week of April.</u>	The Board of Finance presents its recommended budget to the Representative Town Meeting. The budget is published in book form and in newspaper legal notices.
<u>During the month of April.</u>	The Representative Town Meeting holds departmental and public hearings.
<u>The second Tuesday of May.</u>	The Representative Town Meeting holds the annual budget meeting.
<u>The second Thursday of May.</u>	The Board of Finance sets the mill rate for the new budget.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain specific revenue funds. Appropriations for Capital Projects are continued until completion, even when projects extend beyond one or more fiscal years.

### Employee Pension Systems

Town full-time employees, with the exception of the Police Department employees, Volunteer Firemen and certified teachers and administrators, participate in the State of Connecticut Municipal Employees Retirement Fund ("MERF"), a multiple-employer public employee retirement system. Certified teachers and administrators are members of the State of Connecticut Teachers Retirement Board. The Police and Volunteer Firemen's Retirement Plans are single-employer, contributory, defined benefit, public employee retirement systems ("PERS") established and administered by the Town. For further details on the Plans, see Appendix A, page 39, Notes to the Financial Statements.



The Town has implemented Government Accounting Standards Board's (GASB) Statement No. 67 effective Fiscal Year 2014. Net position is based on fair market value as of June 30, 2014 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2013. The date of the Town's most recent actuarial valuation was July 1, 2013.

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town as of June 30, 2014 were as follows:

Total pension liability	\$ 27,009,990
Plan fiduciary net position	<u>21,763,547</u>
Net pension liability	<u>\$ 5,246,443</u>
Plan fiduciary net position as a % of total pension liability	80.6%

The following represents the net pension liability of the Town, calculated using the discount rate of 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
	<b>6.00%</b>	<b>Discount Rate</b>	<b>8.00%</b>
		<b>7.00%</b>	
Net Pension Liability	\$ 8,497,053	\$ 5,246,443	\$ 2,525,429

Based upon a July 1, 2013 actuarial valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

#### Schedule of Funding Progress

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
1996	\$ 4,315,682	\$ 10,044,614	\$ 5,728,932	42.97%
1998	5,753,024	10,386,258	4,633,234	55.39%
2000	8,336,451	11,542,336	3,205,885	72.22%
2001	9,550,035	13,326,943	3,776,908	71.66%
2003	9,593,076	12,551,982	2,958,906	76.43%
2005	11,206,696	15,525,603	4,318,907	72.18%
2007	14,044,381	18,061,498	4,017,117	77.76%
2009	15,681,847	20,691,823	5,009,976	75.79%
2011	17,661,592	24,236,343	6,574,751	72.87%
2013	19,663,483	26,425,916	6,762,433	74.41%

#### Schedule of Employer Contributions

Year Ended June 30	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2006	\$ 707,592	\$ 675,000	95.4%
2007	724,950	784,950	108.3%
2008	781,134	802,960	102.8%
2009	773,105	806,769	104.4%
2010	793,742	1,103,301	139.0%
2011	1,014,103	887,078	87.5%
2012	1,041,413	958,100	92.0%
2013	889,632	922,000	103.6%
2014	903,163	920,000	101.9%
2015 (1)	897,106	900,000	100.3%

(1) Fiscal year 2014-15 adopted budget.

**Defined Contribution Plan** – The Town of Branford 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, 2014 is \$162,356. There were 10 participants as of June 30, 2014. Employee contributions and investment earnings through the fiscal year ended June 30, 2014 totaled \$102,227 while employer contributions and earnings totaled \$60,129. 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.

**Municipal Employees' Retirement System** – All Town of Branford full-time employees, except the Police Department employees, elected officials and certified teachers and administrators, participate in the Connecticut Municipal Employee's Retirement Fund B (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

**Funding Policy** – Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 12.79% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2014, 2013 and 2012 were \$2,224,976, \$2,144,563 and \$2,065,555, respectively, equal to the required contributions for each year.

For further details on the plans, see Appendix A, "Notes to General Purpose Financial Statements".

#### **Other Post Employment Benefits**

The Town provides health insurance, life insurance, and lump sum benefits in accordance with union contracts for members and non-union employees. The Town has retained Hooker & Holcombe, Inc. to perform an actuarial valuation of this liability in accordance with Governmental Accounting Standards Board ("GASB") Statements 43 and 45 requirements effective for fiscal year beginning July 1, 2010, which require municipalities and other governmental entities to undertake an actuarial evaluation of their Other Post-Employment Benefits ("OPEB") plans and include information concerning the valuation of such plans in their financial statements. As part of the OPEB valuation, Hooker & Holcombe, Inc. determined a direct and implicit rate subsidy for the Town's and an implicit rate subsidy for the Board of Education's Postretirement Medical Plan with an actuarial liability of \$22,798,733 with a fully funded OPEB trust discount rate of 7.0%. The Town currently finances the cost of these benefits on a pay-as-you-go basis, and has established an OPEB Trust Fund for the accumulation of assets with which to pay such benefits in future years.

#### **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)
7/1/2008	\$ -	\$ 16,496,800	\$ 16,496,800	0.0%
7/1/2010	4,134,000	17,271,300	13,137,300	23.9%
7/1/2012	5,856,346	20,977,792	15,121,446	27.9%
7/1/2014	9,510,785	22,798,733	13,287,948	41.7%

## Schedule of Employer Contributions

Year Ended June 30	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2009	\$ 1,818,900	\$ 3,968,112	218.2%
2010	1,955,400	1,280,396	65.5%
2011	1,997,300	1,503,368	75.3%
2012	1,613,400	1,276,038	79.1%
2013	1,651,000	1,584,465	96.0%
2014	1,790,500	1,963,999	109.7%
2015 (1)	1,835,900	1,835,900	100.0%

(1) Fiscal year 2014-15 adopted budget.

For further details, see Appendix A, page 45, "Notes to General Purpose Financial Statements".

### Investment Policies and Procedures

Under Connecticut General Statutes Section 7-400, 7-401 and 7-402, the Town may invest in (a) obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Federal Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, the Tennessee Valley Authority, or any other agency of the United States government (b) money market and mutual funds investing in such obligations or repurchase agreements fully collateralized by such obligations and (c) certain state and municipal bonds and notes, and may make deposits with certain "qualified public depositories".

The Town's investment practices have been to invest in certificates of deposit, short-term repurchase agreements, demand accounts and the State of Connecticut Short Term Investment Fund ("STIF"). The Town does not invest in derivative investment products.

### Assessment Practices

The Town of Branford last revalued its real property effective October 1, 2014. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable and tax exempt real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Inspector. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ratio is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

### Tax Collection Procedure

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, July 1 and January 1. Payments not received one month after the due date become delinquent, with interest charged at the rate of 1.5% per month. Real estate is lienied for delinquent taxes within one year after the tax due date.

The Town makes available to its qualifying residential property owners certain tax deferral and relief programs as authorized by the general statutes.

### Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List (1)	Total Tax Rate (In Mills)	Adjusted Tax Levy	% Annual Levy Collected	Uncollected Taxes	
					End of Each Fiscal Year	As of 6/30/2014
2016* (1)	\$ 3,485,684,401	26.93	\$ 91,648,167	N/A	N/A	N/A
2015 (2)	3,511,071,799	26.24	89,937,958	In Process	In Process	In Process
2014	3,488,675,562	25.59	89,402,779	98.5	\$ 1,339,291	\$ 1,339,291
2013	3,466,384,192	24.95	84,399,665	98.3	1,227,068	696,449
2012	3,446,825,087	24.27	83,707,138	98.3	1,447,958	433,942
2011*	3,432,551,052	23.57	80,799,955	98.4	1,297,137	270,668
2010	3,326,538,299	23.58	78,567,255	99.3	1,363,883	114,046
2009	3,312,770,155	23.22	77,010,522	98.8	952,640	74,351
2008	3,292,696,081	22.33	73,636,971	98.8	909,228	63,553
2007	3,271,334,964	21.76	71,202,197	98.9	767,685	56,127

(1) Fiscal year 2015-16 Board of Finance proposed budget.

(2) Fiscal year 2014-15 adopted budget.

\* Indicates years of revaluations.

Source: Tax Collector's Office, Town of Branford.

### Taxable Grand List

Grand List Dated	Industrial & Commercial		Land	Motor Vehicles	Personal Property	Gross Taxable Grand List	Less Exemptions	Net Taxable Grand List
	(%) Residential Property	(%) Commercial Property						
10/01/14 (1)	73.5	14.7	0.5	6.5	4.8	\$ 3,517,174,206	\$ 31,489,805	\$ 3,485,684,401
10/01/13	75.5	13.0	0.5	6.3	4.7	3,545,764,060	34,692,261	3,511,071,799
10/01/12	75.6	13.1	0.6	6.1	4.6	3,524,625,127	35,949,565	3,488,675,562
10/01/11	76.2	13.2	0.6	6.3	3.7	3,507,013,756	40,629,564	3,466,384,192
10/01/10	75.4	14.4	0.5	6.0	3.6	3,483,790,847	36,965,760	3,446,825,087
10/01/09	76.2	13.1	0.6	5.9	4.2	3,467,481,684	34,930,632	3,432,551,052
10/01/08	75.0	14.1	0.6	6.1	4.2	3,360,416,724	33,878,425	3,326,538,299
10/01/07	76.3	12.8	0.6	6.4	3.9	3,341,817,685	29,047,530	3,312,770,155
10/01/06	76.3	12.9	0.5	6.3	4.0	3,324,923,888	32,227,807	3,292,696,081
10/01/05	75.1	14.0	0.5	6.4	4.0	3,302,513,607	31,178,643	3,271,334,964

(1) The latest revaluation was effective October 1, 2014 as described above.

Source: Assessor's office, Town of Branford.

## Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2014:

Name of Taxpayer	Nature of Property	Grand List Amount
Vigliotti Alex Etals	Residential / Commercial	\$ 41,699,352
Connecticut Light & Power	Utility	31,025,630
Rogers Island LLC / Etals	Residential Real Estate	20,903,600
Kiop Branford LLC	Shopping Plaza	15,656,536
Business Park Realty & C. Weber, Jr.	Commercial and Industrial	13,238,597
Albany Road Branford I LLC	Industrial and R&D	12,170,844
UIL Holdings	Utility	11,615,175
Bruce & Johnsons BFD Marina Inc.	Marinas	9,916,563
Nationwide Health Properties	Assisted Living	9,583,172
CSC Montoya Limited Partnership	Residential and Rental	9,113,781
Total		<u>\$ 174,923,250</u> (1)

(1) Represents 5.02% of the net taxable grand list of \$3,485,684,401 dated October 1, 2014.

Note: South Central Connecticut Regional Water Authority (the "Authority") is required to make annual payments to the Town equivalent to the taxes which would otherwise be due for the property of the Authority in such municipality excluding any improvements to or construction on any such real property by the Authority. The Authority makes payments in lieu of taxes ("PILOT") at the current mill rate for fiscal year 2014-15 on personal and real property assessed at \$9,971,240 amounting to \$261,645. The Authority's fiscal year 2015-16 personal and real property assessed value is \$9,843,573. The PILOT amount will be calculated once the budgeted is adopted and the mill rate has been set. Exempt property acquired after the transfer day is not subject to taxation. Payments to the Town are not treated as taxes for accounting purposes; therefore the Authority is not considered a taxpayer.

Source: Assessor's Office, Town of Branford.

## Revenues

The Town derives its revenues from a direct tax levy on property, State and Federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2010-2014 in "Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

## Property Tax Revenues

Fiscal Year	General Fund Revenues	Property Tax Revenues	Property Tax As a % of General Fund Revenues
2016 (Proposed Budget)	\$ 102,994,375	\$ 93,071,192	90.4
2015 (Adopted Budget)	101,877,216	91,380,983	89.7
2014	105,095,586	89,374,443	85.0
2013	103,895,497	87,473,879	84.2
2012	98,559,752	83,858,159	85.1
2011	94,417,926	81,300,414	86.1
2010	91,623,457	78,509,702	85.7
2009	91,190,384	77,396,463	84.9
2008 (1)	101,942,061	74,049,248	72.6
2007	86,362,652	72,110,546	83.5

(1) Includes one-time pass-through state funding for the state teachers' retirement system pension liability in the amount of \$15,973,451 an increase of \$13,405,526.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget and fiscal year 2015-16 Board of Finance proposed budget.

## Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernmental</u>	<u>Aid As a % of General Fund Revenue</u>
2016 (Proposed Budget)	\$ 102,994,375	\$ 2,548,578	2.5
2015 (Adopted Budget)	101,877,216	2,766,228	2.7
2014	105,095,586	10,244,386	9.7
2013	103,895,497	9,900,481	9.5
2012	98,559,752	9,720,290	9.9
2011	94,417,926	8,014,335	8.5
2010	91,623,457	7,974,118	8.7
2009	91,190,384	8,274,139	9.1
2008 (1)	101,942,061	21,920,852	21.5
2007	86,362,652	6,989,557	8.1

(1) Includes one-time pass-through state funding for the state teachers' retirement system pension liability in the amount of \$15,973,451 an increase of \$13,405,526.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget and fiscal year 2015-16 Board of Finance proposed budget.

## Expenditures

<u>Fiscal Year</u>	<u>Education %</u>	<u>Pension &amp; Insurance %</u>	<u>Public Safety %</u>	<u>Debt Service %</u>	<u>Public Works %</u>	<u>General Government %</u>
2016 (Proposed Budget)	52.7	12.3	11.9	8.1	5.8	4.7
2015 (Adopted Budget)	52.3	12.0	11.6	8.2	5.9	4.6
2014	57.5	11.0	10.8	7.3	5.0	4.3
2013	56.8	10.9	10.9	7.3	5.0	4.8
2012	55.5	10.2	10.7	6.9	5.2	4.2
2011	57.3	10.3	11.5	6.6	5.5	4.5
2010	57.2	10.3	11.3	6.6	5.7	4.6
2009	58.4	8.8	10.8	6.5	5.9	5.3
2008 (1)	61.9	7.3	9.4	8.3	5.0	4.4
2007	55.5	8.5	10.5	8.2	8.3	4.8

(1) Includes one-time pass-through state funding for the state teachers' retirement system pension liability in the amount of \$15,973,451 an increase of \$13,405,526.

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget and fiscal year 2015-16 Board of Finance proposed budget.

**Comparative General Fund Operating Statement**  
(Budget and Actual – Budgetary Basis)

	Fiscal Year 2013-14			2014-15	2015-16
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Adopted Budget	Proposed Budget
<b>REVENUES</b>					
Property taxes	\$ 88,417,466	\$ 89,374,443	\$ 956,977	\$ 91,380,983	\$ 93,071,192
Intergovernmental revenue	3,015,114	3,562,728	547,614	2,766,228	2,548,578
Interest income	78,000	97,766	19,766	78,000	78,000
Licenses, permits and fees	3,589,715	4,114,823	525,108	3,907,005	3,444,605
Fund balance brought forward	-	-	-	2,825,000	2,825,000
Other	908,100	1,298,111	390,011	920,000	1,027,000
<b>TOTAL REVENUES</b>	<b>96,008,395</b>	<b>98,447,871</b>	<b>2,439,476</b>	<b>101,877,216</b>	<b>102,994,375</b>
<b>EXPENDITURES</b>					
Current:					
General government	4,907,797	4,287,053	620,744	4,611,844	4,769,681
Public safety	11,205,187	10,809,868	395,319	11,601,052	12,038,794
Public works	5,482,698	4,925,018	557,680	5,928,004	5,825,483
Recreation	970,592	944,069	26,523	1,013,307	1,046,426
Libraries	1,425,667	1,421,150	4,517	1,460,333	1,507,325
Health and welfare	1,860,086	1,820,280	39,806	1,882,777	1,559,243
Education	51,029,559	50,975,914	53,645	52,227,323	53,227,923
Pension and insurance	11,337,614	11,015,009	322,605	11,940,556	12,409,489
Contingency	493,705	-	493,705	1,041,434	518,874
Debt service	7,316,640	7,310,264	6,376	8,212,417	8,166,591
<b>TOTAL EXPENDITURES</b>	<b>96,029,545</b>	<b>93,508,625</b>	<b>2,520,920</b>	<b>99,919,047</b>	<b>101,069,829</b>
Excess (deficiency) of revenues over expenditures	(21,150)	4,939,246	4,960,396	1,958,169	1,924,546
Other financing sources (uses):					
Operating transfers in	483,822	483,822	-	524,481	597,452
Operating transfers out					
Special revenue fund	(1,093,390)	(1,093,390)	-	-	-
Capital projects fund	(2,866,590)	(2,866,590)	-	(2,482,650)	(2,521,998)
Total other financing sources (uses)	(3,476,158)	(3,476,158)	-	(1,958,169)	(1,924,546)
Excess of Revenues and other financing sources over expenditures and other financing uses	\$ (3,497,308)	\$ 1,463,088	\$ 4,960,396	\$ -	\$ -

Source: Annual audited financial statements, fiscal year 2014-15 adopted budget and fiscal year 2015-16 Board of Finance proposed budget.

## Balance Sheet – General Fund

	2010	2011	2012	2013	2014
<b>ASSETS</b>					
Cash and cash equivalents	\$ 16,686,402	\$ 20,805,384	\$ 22,016,281	\$ 26,138,046	\$ 27,542,345
Investments	4,496,866	4,577,106	4,078,678	3,282,467	5,178,205
Receivables, net	7,343,063	6,652,987	6,872,616	6,984,607	5,314,561
Due from other funds	2,738,544	1,800,006	-	188,890	-
Other assets	42,364	29,144	30,564	29,562	31,200
<b>TOTAL ASSETS</b>	<b>\$ 31,307,239</b>	<b>\$ 33,864,627</b>	<b>\$ 32,998,139</b>	<b>\$ 36,623,572</b>	<b>\$ 38,066,311</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 1,762,970	\$ 1,649,622	\$ 1,771,504	\$ 3,308,860	\$ 3,197,744
Due to other funds	1,450,000	3,656,009	3,481,920	2,862,268	2,387,500
Deferred revenue	10,136,634	10,087,310	8,278,606	8,331,597	856,365
Other	181,519	225,107	125,670	482,701	111,815
Total Liabilities	13,531,123	15,618,048	13,657,700	14,985,426	6,553,424
Deferred Inflows of Resources:					
Unavailable revenue:					
Property taxes	-	-	-	-	2,447,684
Interest on property taxes	-	-	-	-	1,110,414
School building grants	-	-	-	-	426,787
Advance property tax collections	-	-	-	-	4,560,316
Total deferred inflows of resources	-	-	-	-	8,545,201
Fund Balances:					
Nonspendable	-	29,144	30,564	29,562	31,200
Committed	-	61,088	61,284	851,282	69,252
Assigned	-	3,236,840	3,215,268	3,284,951	3,542,725
Unassigned	-	14,919,507	16,033,323	17,472,351	19,324,509
Reserved	362,652	-	-	-	-
Unreserved	17,413,464	-	-	-	-
Total fund balances	17,776,116	18,246,579	19,340,439	21,638,146	22,967,686
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 31,307,239	\$ 33,864,627	\$ 32,998,139	\$ 36,623,572	\$ 38,066,311

Source: Annual audited financial statements.



## Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

REVENUES	2010	2011	2012	2013	2014
Property taxes	\$ 78,509,702	\$ 81,300,414	\$ 83,858,159	\$ 87,473,879	\$ 89,374,443
Intergovernmental	7,974,118	8,014,335	9,720,290	9,900,481	10,244,386
Charges for services	3,690,756	3,859,733	3,702,096	4,201,947	4,114,823
Interest on investments	454,875	225,328	175,512	124,624	97,851
Miscellaneous	994,006	1,018,116	1,103,695	2,194,566	1,264,083
<b>TOTAL REVENUES</b>	<b>91,623,457</b>	<b>94,417,926</b>	<b>98,559,752</b>	<b>103,895,497</b>	<b>105,095,586</b>
<b>EXPENDITURES</b>					
General government	4,065,962	4,127,934	4,123,052	4,771,186	4,331,402
Public safety	9,972,281	10,400,708	10,585,580	10,793,075	10,823,894
Public works and highway	5,034,388	4,966,107	5,124,283	4,971,127	4,982,732
Health and human services	1,649,142	1,683,859	1,733,148	1,798,016	1,820,338
Parks, recreation and libraries	2,150,226	2,192,333	2,235,891	2,285,126	2,364,736
Pension and insurance	9,134,313	9,364,613	10,060,240	10,802,375	11,040,816
Education	50,550,551	52,066,037	54,721,423	56,100,841	57,742,288
Debt service	5,792,457	5,995,578	6,811,072	7,257,251	7,310,265
<b>TOTAL EXPENDITURES</b>	<b>88,349,320</b>	<b>90,797,169</b>	<b>95,394,689</b>	<b>98,778,997</b>	<b>100,416,471</b>
Excess (deficiency) of revenues over expenditures	3,274,137	3,620,757	3,165,063	5,116,500	4,679,115
Other financing sources (uses)					
Operating transfers in	397,112	395,000	430,039	482,264	483,822
Operating transfers (out)	(3,677,397)	(3,708,323)	(2,922,376)	(3,301,057)	(3,833,397)
Bond premiums	-	364,724	421,134	-	-
Issuance of refunding bonds	-	6,155,000	-	-	-
Payment to escrow agent	-	(6,417,643)	-	-	-
Total other financing sources (uses)	(3,280,285)	(3,211,242)	(2,071,203)	(2,818,793)	(3,349,575)
Net change in fund balances	(6,148)	409,515	1,093,860	2,297,707	1,329,540
Fund Balance - July 1	17,782,264	17,837,064 (1)	18,246,579	19,340,439	21,638,146
Fund Balance - June 30	<u>\$ 17,776,116</u>	<u>\$ 18,246,579</u>	<u>\$ 19,340,439</u>	<u>\$ 21,638,146</u>	<u>\$ 22,967,686</u>

(1) As restated.

Source: Annual audited financial statements.

## **SECTION VI – ADDITIONAL INFORMATION**

### **Litigation**

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

### **Availability of Continuing Disclosure Information**

The Town of Branford prepares, in accordance with State law, annual audited financial statements and is generally required to file such annual audits with the State Office of Policy and Management on an annual basis. The Town also provides, and expects to continue to provide to Moody's Investors Service and Standard & Poor's Corporation ongoing disclosure in the form of the Annual Audited Report and the Adopted Budgets, and other materials relating to its management and financial condition as may be necessary or requested.

The Town will enter into a continuing disclosure agreement with respect to the Bonds (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12(b)(5), (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events not in excess of 10 business days after the occurrence of such events, and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed in substantially the form attached as Appendix C to this Official Statement.

The Town has previously undertaken in Continuing Disclosure Agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). In the past 5 years, the Town has not failed to comply, in any material respects, with its previous undertakings under such agreements. The annual information filing for the fiscal year ending 6/30/2007 was purportedly posted untimely and at various times by the NRMSIRs. The Town believes it timely filed the 6/30/2007 annual information with Disclosure USA and the untimely posting with the then NRMSIRs is due to the process of or between Disclosure USA and the NRMSIRs.

### **Financial Advisor**

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

### **Documents Accompanying Delivery of the Bonds**

Upon delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay them;
2. A certificate on behalf of the Town signed by the First Selectman, Treasurer, and the Finance Director, which will be dated the date of delivery and attached to a confirmed copy of the Official Statement, and which will certify to the best of said officials' knowledge and belief, that the descriptions and statements in the Official Statement relating to the Town of Branford and its finances were true and correct in all material respects and did not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;

3. A receipt for the purchase price of the Bonds;
4. The approving opinion of Joseph Fasi LLC, of Hartford, Connecticut substantially in the form attached to the Official Statement as Appendix B;
5. An executed continuing disclosure agreement for the Bonds in substantially the form attached to the Official Statement as Appendix C;
6. Within seven business days of the execution of the Bond Purchase Agreement, the Town will furnish the Underwriter a reasonable number of copies of the Official Statement, as prepared by the Town; and
7. Any other documents required by the Bond Purchase Agreement.

A record of the proceedings taken by the Town in authorizing the Bonds will be kept on file at U.S. Bank National Association, Hartford, Connecticut and will be available for examination upon reasonable request.

### **Concluding Statement**

Additional information may be obtained upon request from the Office of the Finance Director at (203) 315-0663 or from IBIC LLC at (203) 245-8715.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be constructed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

IBIC LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. IBIC LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that it has independently verified the same.

### **TOWN OF BRANFORD, CONNECTICUT**

**BY:** /s/ James B. Cosgrove  
**James B. Cosgrove**  
*First Selectman*

**BY:** /s/ Michael T. Nardella  
**Michael T. Nardella**  
*Treasurer*

**BY:** /s/ James P. Finch, Jr.  
**James P. Finch, Jr.**  
*Finance Director*

**Dated: April 21, 2015**

## APPENDIX A - FINANCIAL STATEMENTS

### TOWN OF BRANFORD, CONNECTICUT

#### TABLE OF CONTENTS

JUNE 30, 2014

Page

*Independent Auditors' Report* A-1

*Management Discussion and Analysis* A-3

<u>Exhibits</u>	<u>Basic Financial Statements:</u>	
I	Statement of Net Position	A-10
II	Statement of Activities	A-11
III	Balance Sheet – Governmental Funds	A-12
IV	Statement of Revenues, Expenditures and Changes in Fund – Balances Governmental Funds	A-14
V	Proprietary Funds – Statement of Net Position	A-16
VI	Proprietary Funds – Statement of Revenues, Expenses and Changes in Fund Net Position	A-17
VII	Proprietary Funds – Statement of Cash Flows	A-18
VIII	Fiduciary Funds – Statement of Fiduciary Net Position	A-19
IX	Fiduciary Funds – Statement of Changes in Plan Net Position	A-20
	<b>Notes to Financial Statements</b>	A-21
RSI-1	General Fund - Schedule of Revenues and Other Financing Sources - Budget and Actual (Non-GAAP Budgetary Basis)	A-50
RSI-2	General Fund - Schedule of Expenditures and Other Financing Uses - Budget and Actual (Non-GAAP Budgetary Basis)	A-53
RSI-3	Schedule of Changes in Net Pension Liability and Related Ratios	A-56
RSI-4	Schedule of Employer Contributions	A-57
RSI-5	Schedule of Investment Returns	A-58

**Appendix A - Financial Statements** - is taken from the Annual Financial Report of the Town of Branford for the Fiscal Year ending June 30, 2014 as presented by the Auditors and does not include all of the schedules or management letter made in such report. A copy of the complete report is available upon request to the Finance Director, Town of Branford, Connecticut.



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, 2014, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-9, the budgetary comparison information on pages A-50 through A-55, the schedule of changes in net pension liability and related ratios on page A-56, the schedule of employer contributions on page A-57, and the schedule of investment returns on page A-58 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 23, 2014

**TOWN OF BRANFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014. 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 \$8,055.
- During the year, the Town had expenses that were \$8,054 less than the \$116,405 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$108,351 with no new programs added this year except for initiatives enacted by the Board of Education with regard to prekindergarten.
- The General Fund reported a fund balance this year of \$22,968.
- The resources available for appropriation were \$2,439 more than budgeted for the General Fund. Expenditures were \$2,521 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 \$123,694 to \$131,749. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

**TABLE 1**  
**NET POSITION**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Current assets	\$ 70,469	\$ 65,675
Capital assets, net of accumulated depreciation	130,334	132,920
Total assets	<u>200,803</u>	<u>198,595</u>
Deferred outflow of resources	<u>73</u>	<u>137</u>
Long-term debt outstanding	53,116	59,360
Other liabilities	11,451	12,552
Total liabilities	<u>64,567</u>	<u>71,912</u>
Deferred inflow of resources	<u>4,560</u>	<u>3,126</u>
Net Position:		
Net investment in capital assets	82,380	80,661
Restricted	287	259
Unrestricted	<u>49,082</u>	<u>42,774</u>
Total Net Position	<u>\$ 131,749</u>	<u>\$ 123,694</u>

The Town experienced an increase in net position of its governmental activities of 6.5% 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 \$42,744 at June 30, 2013 to \$49,082 at the end of this year.

The change in unrestricted governmental net position primarily reflects the increase in current assets and the reduction in long term debt outstanding.

**TABLE 2**  
**CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Revenues:		
Program revenues:		
Charges for services	\$ 9,566	\$ 10,325
Operating grants and contributions	14,573	14,332
Capital grants and contributions	945	953
General revenues:		
Property taxes	89,806	87,266
Grants and contributions not restricted to specific programs	823	1,277
Unrestricted investment earnings	164	153
Other general revenues	528	615
Total revenues	<u>116,405</u>	<u>114,921</u>
Program expenses:		
General government	6,292	6,338
Public safety	17,603	17,805
Public works and highway	13,053	13,965
Parks, recreation and libraries	3,501	3,119
Health and human services	2,999	3,621
Education	63,728	61,594
Interest debt service	1,175	1,218
Total program expenses	<u>108,351</u>	<u>107,660</u>
Increase in Net Position	<u>\$ 8,054</u>	<u>\$ 7,261</u>

The Town's total revenues were \$116,405. The total cost of all programs and services was \$108,351. Our analysis which follows considers the operations of governmental activities.

### ***Governmental Activities***

The largest single component of governmental activity is the General Fund. Total revenues were \$2,439 higher than budgeted. Of this amount, \$957 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$1,013. Intergovernmental revenue exceeded budget due to conservative estimates of state assistance and an expectation that principal and interest subsidies from the State's school construction program would be reduced pursuant to audits coupled with an increase in school transportation grants. Revenues from licenses, permits and fee revenue exceeded the budget by \$525, primarily due to police special detail of \$124, real estate conveyance fees \$102, and building permits \$144. Other income exceeded the budget by \$390 primarily due to better than anticipated results from employee insurance co-pays and disbursements from the Bristol Resource Recovery Facility.

Expenditures were \$2,521 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for, tax appeals, utilities, and municipal solid waste fees combined with unsettled union contracts and vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General government	\$ 6,292	\$ 6,338	\$ 3,895	\$ 4,456
Public safety	17,603	17,805	14,677	14,761
Public works and highway	13,053	13,965	8,294	8,976
Parks, recreation and libraries	3,501	3,119	2,885	2,606
Health and human services	2,999	3,621	1,673	2,004
Education	63,728	61,594	50,716	48,105
Interest and debt service	1,175	1,218	1,127	1,142
Total	\$ <u>108,351</u>	\$ <u>107,660</u>	\$ <u>83,267</u>	\$ <u>82,050</u>

### **TOWN FUNDS FINANCIAL ANALYSIS**

#### ***Governmental Funds***

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$34,984, which is an increase from last year's total of \$32,208. The primary reason for the increase is the change in the general fund balance.

### ***General Fund Budgetary Highlights***

The Town's general fund expenditures plus encumbrances totaled \$97,469. Unexpended appropriations in general government, public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$2,521. Revenues were \$2,439 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 \$22,968 reported on Exhibit IV is comprised of four categories: Nonspendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### ***Capital Assets***

At June 30, 2014, the Town had \$130,334 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net decrease (including additions and deductions) of \$2,576 or 2%, less than last year. This decrease reflects depreciation in buildings and infrastructure.

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

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
Land	\$ 13,714	\$ 13,683
Intangible assets	597	597
Land improvements	1,512	1,409
Buildings	78,347	80,458
Machinery and equipment	9,143	8,407
Construction in progress	2,164	2,204
Infrastructure	24,857	26,162
Total	\$ <u>130,334</u>	\$ <u>132,920</u>

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

The Town's fiscal-year 2013-14 welcomes the completion of the new dispatch system. Currently, the Town is leasing space for the public works operation and is looking to secure a site and may authorize funding for this project prior to FY 2016. Additionally improvements to pump stations are planned and a bridge replacement is ongoing. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

### ***Long-Term Debt***

At June 30, 2014, the Town had \$43,250 in bonds and notes outstanding versus \$49,190 last year – a decrease of \$5,940 or approximately 12%. The Town anticipates increasing the long term debt in future years to finance a public works garage, bridge replacement, school renovations, pump station improvements and a senior center.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, remains at Aa1, and represents the second rating increase from Moody's since 2001. 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 \$637 million.

Other obligations include accrued vacation pay and sick leave. 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 2014-2015 budget and corresponding tax rates. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the annual uncertainty with regard to labor agreements and higher medical benefit costs, and increased contributions to the capital project fund. In developing the budget, Town officials acknowledged that property owners continue to endure their own economic constraints and job insecurities associated with the slow recovery. Faced with these challenges, officials sought to minimize the increase the Town's tax requirements while acknowledging that the demand for many municipal services remains. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$102,401,697 for 2014-2015, which represents an increase of \$2,409 thousand or 2.4% as compared to the 2013-2014 amended budget. Increased property taxes of approximately \$2.96 million combined with a \$2.8 million appropriation from fund balance will supplement nontax revenues.

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

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

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 54,808,395
Investments	6,004,350
Receivables, net	8,558,010
Inventory	17,875
Prepaid items	31,200
Net pension asset	315,493
Net OPEB asset	733,500
Capital assets not being depreciated	16,475,262
Capital assets being depreciated, net of accumulated depreciation	113,858,538
Total assets	<u>200,802,623</u>
Deferred Outflow of Resources:	
Deferred charge on refunding	<u>73,041</u>
Liabilities:	
Accounts and other payables	5,116,351
Unearned revenue	1,147,778
Bond anticipation notes payable	5,075,000
Other	111,815
Noncurrent liabilities:	
Due within one year	7,057,618
Due in more than one year	46,058,249
Total liabilities	<u>64,566,811</u>
Deferred Inflow of Resources:	
Advance property tax collections	<u>4,560,316</u>
Net Position:	
Net investment in capital assets	82,379,637
Restricted for Trusts:	
Expendable	186,661
Nonexpendable	100,420
Unrestricted	<u>49,081,819</u>
Total Net Position	<u><u>\$ 131,748,537</u></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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 6,291,911	\$ 1,407,904	\$ 44,600	\$ 944,583	\$ (3,894,824)
Public safety	17,603,026	2,599,499	326,660		(14,676,867)
Public works and highway	13,053,244	3,547,582	1,212,650		(8,293,012)
Parks, recreation and libraries	3,501,624	390,185	225,908		(2,885,531)
Health and human services	2,998,608	407,857	917,052		(1,673,699)
Education	63,728,161	1,213,200	11,798,375		(50,716,586)
Interest expense	1,174,879		47,959		(1,126,920)
Total	\$ 108,351,453	\$ 9,566,227	\$ 14,573,204	\$ 944,583	(83,267,439)
General revenues:					
Property taxes					89,806,367
Grants and contributions not restricted to specific programs					823,025
Unrestricted investment earnings					164,567
Miscellaneous					527,949
Total general revenues					91,321,908
Change in net position					8,054,469
Net Position at Beginning of Year					123,694,068
Net Position at End of Year					\$ 131,748,537

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,542,345	\$ 3,615,307	\$ 3,048,229	\$ 7,248,456	\$ 41,454,337
Investments	5,178,205			826,145	6,004,350
Receivables, net	5,314,561	819,581	596,389	1,728,298	8,458,829
Due from other funds		3,346,457		141,043	3,487,500
Inventories				17,875	17,875
Other assets	31,200				31,200
Total Assets	<u>\$ 38,066,311</u>	<u>\$ 7,781,345</u>	<u>\$ 3,644,618</u>	<u>\$ 9,961,817</u>	<u>\$ 59,454,091</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 3,197,744	\$ 776,817		\$ 878,433	\$ 4,852,994
Due to other funds	2,387,500		1,100,000		3,487,500
Unearned revenue	856,365			291,413	1,147,778
Bond anticipation notes payable		5,075,000			5,075,000
Other	111,815				111,815
Total liabilities	<u>6,553,424</u>	<u>5,851,817</u>	<u>1,100,000</u>	<u>1,169,846</u>	<u>14,675,087</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,447,684				2,447,684
Unavailable revenue - interest on property taxes	1,110,414				1,110,414
Unavailable revenue - special assessments			596,390	245,940	842,330
Unavailable revenue - loans receivable				407,473	407,473
Unavailable revenue - school building grants	426,787				426,787
Advance property tax collections	4,560,316				4,560,316
Total deferred inflows of resources	<u>8,545,201</u>	<u>-</u>	<u>596,390</u>	<u>653,413</u>	<u>9,795,004</u>
Fund Balances:					
Nonspendable	31,200			118,295	149,495
Restricted		3,925,645	1,948,228	2,281,870	8,155,743
Committed	69,252			5,738,418	5,807,670
Assigned	3,542,725				3,542,725
Unassigned	19,324,509	(1,996,117)		(25)	17,328,367
Total fund balances	<u>22,967,686</u>	<u>1,929,528</u>	<u>1,948,228</u>	<u>8,138,558</u>	<u>34,984,000</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 38,066,311</u>	<u>\$ 7,781,345</u>	<u>\$ 3,644,618</u>	<u>\$ 9,961,817</u>	<u>\$ 59,454,091</u>

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## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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)	\$ 34,984,000
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 246,634,705	
Less accumulated depreciation	<u>(116,300,905)</u>	
Net capital assets		130,333,800

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

Net OPEB asset	733,500
Net pension asset	315,493
Property tax receivables greater than 60 days	2,447,684
Interest receivable on property taxes	1,110,414
Assessments receivable	842,330
Housing loans receivable	407,473
Receivable from the state for school construction projects	426,787

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.

9,854,264

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

Bonds and notes payable	(43,250,314)
Interest payable on bonds and notes	(287,156)
Compensated absences	(4,070,692)
Capital lease	(369,792)
Bond premium	(532,295)
Deferred charge on refunding	73,041
Landfill	<u>(1,270,000)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 131,748,537</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

	General	Capital Projects	Sewer Assessment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 89,374,443	\$	\$	\$	\$ 89,374,443
Assessments and interest			301,124	2,558,698	2,859,822
Intergovernmental	10,244,386	899,405		4,897,355	16,041,146
Charges for services	4,114,823			2,110,086	6,224,909
Income on investments	97,851	1,145	1,392	61,440	161,828
Miscellaneous	1,264,083	259,111		520,119	2,043,313
Total revenues	<u>105,095,586</u>	<u>1,159,661</u>	<u>302,516</u>	<u>10,147,698</u>	<u>116,705,461</u>
Expenditures:					
Current:					
General government	4,331,402	101,385		34,322	4,467,109
Public safety	10,823,894			421,503	11,245,397
Public works and highway	4,982,732		3,030	3,238,505	8,224,267
Parks, recreation and libraries	2,364,736	43,325		389,089	2,797,150
Health and human services	1,820,338			713,120	2,533,458
Education	57,742,288			4,895,220	62,637,508
Pension and insurance	11,040,816				11,040,816
Capital outlay		3,448,847		225,060	3,673,907
Debt service	7,310,265				7,310,265
Total expenditures	<u>100,416,471</u>	<u>3,593,557</u>	<u>3,030</u>	<u>9,916,819</u>	<u>113,929,877</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,679,115</u>	<u>(2,433,896)</u>	<u>299,486</u>	<u>230,879</u>	<u>2,775,584</u>
Other Financing Sources (Uses):					
Transfers in	483,822	3,205,007		1,093,390	4,782,219
Transfers out	(3,833,397)			(948,822)	(4,782,219)
Total other financing sources (uses)	<u>(3,349,575)</u>	<u>3,205,007</u>	<u>-</u>	<u>144,568</u>	<u>-</u>
Net Change in Fund Balances	1,329,540	771,111	299,486	375,447	2,775,584
Fund Balances at Beginning of Year	<u>21,638,146</u>	<u>1,158,417</u>	<u>1,648,742</u>	<u>7,763,111</u>	<u>32,208,416</u>
Fund Balances at End of Year	<u>\$ 22,967,686</u>	<u>\$ 1,929,528</u>	<u>\$ 1,948,228</u>	<u>\$ 8,138,558</u>	<u>\$ 34,984,000</u>

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## TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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)	\$ 2,775,584
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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	2,537,381
Depreciation expense	(5,103,053)

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.

(20,556)

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	(692,004)
Property tax receivable - accrual basis change	330,843
Property tax interest and lien revenue - accrual basis change	101,081
Sewer assessment receivable - accrual basis change	(20,848)
Net OPEB asset	171,400
Housing loans receivable	(21,350)
Net pension asset	11,601

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	5,940,004
Capital lease payments	208,188

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	132,062
Accrued interest	40,411
Amortization of deferred charge on refunding	(64,127)
Other	(69,269)
Amortization of bond premiums	80,179
Landfill post closure care	290,000

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.

1,426,942

Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 8,054,469</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2014

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Cash and cash equivalents	\$ 13,354,058
Accounts receivable	483,982
Due from other funds	<u>60,000</u>
Total assets	<u>13,898,040</u>
Liabilities:	
Accounts and other payables	421,002
Risk management claims	<u>3,622,774</u>
Total liabilities	<u>4,043,776</u>
Net Position:	
Unrestricted	\$ <u><u>9,854,264</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, 2014

	<b>Governmental Activities Internal Service Funds</b>
Operating Revenues:	
Contributions for benefits	\$ 13,344,771
Other	324,447
Total contributions	<u>13,669,218</u>
Operating Expenses:	
Benefit claims	10,857,660
Claims administration	1,387,355
Total operating expenses	<u>12,245,015</u>
Operating Income	1,424,203
Nonoperating Revenue:	
Income on investments	<u>2,739</u>
Change in Net Position	1,426,942
Net Position at Beginning of Year	<u>8,427,322</u>
Net Position at End of Year	<u><u>\$ 9,854,264</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 13,623,830
Cash payments to providers of benefits and administration	(11,568,459)
Net cash provided by operating activities	<u>2,055,371</u>
Cash Flows from Investing Activities:	
Income on investments	<u>2,739</u>
Net Increase in Cash and Cash Equivalents	2,058,110
Cash and Cash Equivalents at Beginning of Year	<u>11,295,948</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 13,354,058</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,424,203
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in receivables	16,823
Increase in due from other funds	(62,211)
Increase in accounts payable	674,345
Increase in due to other funds	<u>2,211</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,055,371</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, 2014

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>	<b>Agency Funds</b>
Assets:			
Cash and cash equivalents	\$ 129,441	\$ 474,709	\$ 1,420,093
Investments - mutual funds	11,526,879	6,075,734	494,950
Investments - bonds	10,100,825	2,960,342	
Accounts receivable	6,402		
	<u>21,763,547</u>	<u>9,510,785</u>	<u>\$ 1,915,043</u>
Total assets			
Liabilities:			
Accounts payable		5,245	
Due to students and others			\$ 1,915,043
	<u>-</u>	<u>5,245</u>	<u>\$ 1,915,043</u>
Total liabilities			
Net Position:			
Held in Trust for Pension or Retiree Benefits	\$ <u>21,763,547</u>	\$ <u>9,505,540</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>
Additions:		
Contributions:		
Employer	\$ 920,000	\$ 1,964,000
Plan members	282,016	589,127
Total contributions	<u>1,202,016</u>	<u>2,553,127</u>
Investment income:		
Net appreciation in fair value of investments	1,755,726	898,753
Interest and dividends	<u>587,567</u>	<u>116,164</u>
Net investment income	<u>2,343,293</u>	<u>1,014,917</u>
Total additions	<u>3,545,309</u>	<u>3,568,044</u>
Deductions:		
Benefits	1,519,089	1,357,541
Administration	<u>87,885</u>	<u>23,940</u>
Total deductions	<u>1,606,974</u>	<u>1,381,481</u>
Net Increase in Net Position	1,938,335	2,186,563
Net Position at the Beginning of Year	<u>19,825,212</u>	<u>7,318,977</u>
Net Position at the End of Year	<u>\$ 21,763,547</u>	<u>\$ 9,505,540</u>

The accompanying notes are an integral part of the financial statements



# **TOWN OF BRANFORD, CONNECTICUT**

## **NOTES TO FINANCIAL STATEMENTS**

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

#### **A. Reporting Entity**

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

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

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

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

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

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

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

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

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

The Retiree Benefits Trust Fund 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.

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 lien.

## **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.

## **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:

<b>Assets</b>	<b>Years</b>
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 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.

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. 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. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

## **I. Compensated Absences**

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

## **J. Long-Term Obligations**

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

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

## **K. Fund Equity**

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

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

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

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

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

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

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

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

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

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

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations from fund balance of \$672,308 for the year ended June 30, 2014.

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.

## **B. Deficit Fund Balance**

The Building Usage Fund a nonmajor special revenue fund, had a deficit fund balance of \$25. The Heart and Hypertension Fund, an internal service fund, had a deficit of \$341,312. These deficits will be funded by future transfers, grants, charges for services or permanent financing.

## **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 does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

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

## Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$31,170,494 of the Town's bank balance of \$42,876,801 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,423,519
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>20,746,975</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 31,170,494</u>

## Cash Equivalents

At June 30, 2014, the Town's cash equivalents amounted to \$20,640,088. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

	<u>Standard &amp; Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm



## Investments

As of June 30, 2014, 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	\$ 2,733,775	\$	\$ 2,065,539	\$ 668,236
Other debt securities	AAA	5,723,422	2,026,934	3,696,488	
Corporate bonds	A-AAA	1,702,508		62,279	1,640,229
Corporate bonds	B-BBB-	8,080,064	939,587	6,062,822	1,077,655
Corporate bonds	N/A	460,099		457,053	3,046
Certificates of deposit*	N/A	45,298	40,086		5,212
Subtotal			\$ 3,006,607	\$ 12,344,181	\$ 3,394,378
Other investments:					
Common stock	N/A	23,384			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	18,394,530			
Total		\$ 37,163,080			

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

N/A Not applicable

*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, 2014, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,110,414	\$	\$	\$	\$ 1,110,414
Taxes	3,286,648				3,286,648
Accounts	809,884			503,531	1,313,415
Special assessments			596,389	241,453	837,842
Intergovernmental	621,232	819,581		1,066,225	2,507,038
Loans				407,473	407,473
Gross receivables	<u>5,828,178</u>	<u>819,581</u>	<u>596,389</u>	<u>2,218,682</u>	<u>9,462,830</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 5,314,561</u>	<u>\$ 819,581</u>	<u>\$ 596,389</u>	<u>\$ 2,218,682</u>	<u>\$ 8,949,213</u>

## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,682,769	\$ 31,409	\$	\$	\$ 13,714,178
Intangible assets	596,800				596,800
Construction in progress	2,203,510	1,103,745	(1,142,971)		2,164,284
Total capital assets not being depreciated	<u>16,483,079</u>	<u>1,135,154</u>	<u>(1,142,971)</u>	<u>-</u>	<u>16,475,262</u>
Capital assets being depreciated:					
Buildings and improvements	115,715,299	365,936	50,000		116,131,235
Improvements other than buildings	2,289,822	206,296			2,496,118
Machinery and equipment	24,861,873	829,995	1,092,971	(486,586)	26,298,253
Infrastructure	85,233,837				85,233,837
Total capital assets being depreciated	<u>228,100,831</u>	<u>1,402,227</u>	<u>1,142,971</u>	<u>(486,586)</u>	<u>230,159,443</u>
Less accumulated depreciation for:					
Buildings and improvements	35,257,029	2,526,919			37,783,948
Improvements other than buildings	880,765	103,228			983,993
Machinery and equipment	16,454,402	1,167,008		(466,030)	17,155,380
Infrastructure	59,071,686	1,305,898			60,377,584
Total accumulated depreciation	<u>111,663,882</u>	<u>5,103,053</u>	<u>-</u>	<u>(466,030)</u>	<u>116,300,905</u>
Total capital assets being depreciated, net	<u>116,436,949</u>	<u>(3,700,826)</u>	<u>1,142,971</u>	<u>(20,556)</u>	<u>113,858,538</u>
Governmental Activities Capital Assets, Net	<u>\$ 132,920,028</u>	<u>\$ (2,565,672)</u>	<u>\$ -</u>	<u>\$ (20,556)</u>	<u>\$ 130,333,800</u>

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

Governmental activities:	
General government	\$ 132,228
Public safety	769,338
Public works	2,521,285
Parks, recreation and libraries	69,155
Health and welfare	34,878
Education	<u>1,576,169</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,103,053</u>

## Active Capital Projects

The Town has active projects as of June 30, 2014. 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	\$ 2,100,000	\$ 1,961,133	\$	\$ 138,867
Tabor Drive Acquisition	13,875,000	13,839,541	7,465	27,994
Fire Headquarters	12,500,000	12,446,284	39,794	13,922
Radio Control System Upgrade	1,650,000	1,473,358	1,997	174,645
Board of Education Roofs	950,000	699,870		250,130
Board of Education Energy Conservation	150,000			150,000
School Ground Road Bridge	4,975,000	1,495,265	317,707	3,162,028
Land Acquisition Fund	1,110,276	1,101,517		8,759
Community Center Heating	190,000			190,000
Transfer Station Overhead Doors	200,535			200,535
Pump Station Upgrades	165,000	11,865	157,635	(4,500)

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2014 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 141,043
Capital Projects Fund	General Fund	2,246,457
Capital Projects Fund	Sewer Assessment Fund	<u>1,100,000</u>
Total		<u>\$ 3,487,500</u>

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

Interfund transfers:

	<u>Transfers In</u>			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
Transfers out:				
General Fund	\$	\$ 2,740,007	\$ 1,093,390	\$ 3,833,397
Nonmajor Governmental	<u>483,822</u>	<u>465,000</u>		<u>948,822</u>
Total Transfers In	<u>\$ 483,822</u>	<u>\$ 3,205,007</u>	<u>\$ 1,093,390</u>	<u>\$ 4,782,219</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, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 32,610,000	\$	\$ 4,490,000	\$ 28,120,000	\$ 3,700,000
Clean water notes	16,580,318		1,450,004	15,130,314	1,479,272
Less deferred amounts:					
For issuance premiums	<u>612,474</u>	<u></u>	<u>80,179</u>	<u>532,295</u>	<u></u>
Total bonds and notes payable	49,802,792		6,020,183	43,782,609	5,179,272
Landfill closure	1,560,000		290,000	1,270,000	110,000
Compensated absences	4,202,754		132,062	4,070,692	199,574
Risk management claims	3,216,295	13,268,896	12,862,417	3,622,774	1,472,835
Capital leases	<u>577,980</u>	<u></u>	<u>208,188</u>	<u>369,792</u>	<u>95,937</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 59,359,821</u>	<u>\$ 13,268,896</u>	<u>\$ 19,512,850</u>	<u>\$ 53,115,867</u>	<u>\$ 7,057,618</u>

A schedule of bonds and notes outstanding at June 30, 2014 is presented below:

	<b>Balance June 30, 2013</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance June 30, 2014</b>
General Obligation:				
School, 0.85-4.0%, mature in 2015	\$ 1,380,000	\$	\$ 1,240,000	\$ 140,000
School, 2.0-4.0%, mature on 2015	1,178,000		556,000	622,000
School, 0.85-4.0%, mature in 2018	657,000		138,000	519,000
School, 4.0-5.0%, mature in 2025	1,778,000		98,000	1,680,000
Public improvement sewer, 0.85-4.0%, mature in 2018	1,315,000		278,000	1,037,000
Public improvement, 2.0-4.0%, mature in 2018	2,452,000		634,000	1,818,000
Public improvement, 3.375-5.0%, mature in 2025	9,567,000		527,000	9,040,000
Public improvement, 2.0-4.0%, mature in 2026	12,455,000		625,000	11,830,000
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2016	80,000		25,000	55,000
Sewer, 0.85-4.0%, mature in 2018	<u>1,748,000</u>		<u>369,000</u>	<u>1,379,000</u>
Total Bonds	32,610,000	-	4,490,000	28,120,000
State of Connecticut, CWF, 2%, mature in 2019	400,424		73,068	327,356
State of Connecticut, CWF, 2%, mature in 2022	9,817,258		975,971	8,841,287
State of Connecticut, CWF, 2% mature in 2027	4,470,845		287,356	4,183,489
State of Connecticut, CWF, 2% mature in 2028	<u>1,891,791</u>		<u>113,609</u>	<u>1,778,182</u>
Total Bonds and Notes	<u>\$ 49,190,318</u>	<u>\$ -</u>	<u>\$ 5,940,004</u>	<u>\$ 43,250,314</u>

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 5,179,272	\$ 1,092,145	\$ 6,271,417
2016	4,729,130	931,387	5,660,517
2017	4,419,591	798,226	5,217,817
2018	4,310,667	680,369	4,991,036
2019	3,391,661	573,368	3,965,029
2020-2024	15,261,156	1,733,556	16,994,712
2025-2028	<u>5,958,837</u>	<u>227,824</u>	<u>6,186,661</u>
Total	<u>\$ 43,250,314</u>	<u>\$ 6,036,875</u>	<u>\$ 49,287,189</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.

## Bonds Authorized Unissued

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

<b>Project</b>	<b>Authorization</b>	<b>Bonds Previously Issued and Paydowns</b>	<b>Bonds Authorized Unissued</b>
Tabor Drive	\$ 13,875,000	\$ 11,715,000	\$ 2,160,000
WIS Roof and Windows	2,100,000	1,734,897	365,103
School Ground and Road Bridge	4,975,000	333,875	4,641,125
Police, Department of Public Works and Waste Water Treatment Plant			
Communications Improvements	1,650,000		1,650,000
Board of Education Capital Projects	1,700,000	750,000	950,000

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

<b>Category</b>	<b>(In Thousands)</b>		
	<b>Debt Limit</b>	<b>Indebtedness*</b>	<b>Balance</b>
General purpose	\$ 204,822	\$ 25,885	\$ 178,937
Schools	409,645	8,490 *	401,155
Sewers	341,371	16,564	324,806
Urban renewal	295,854		295,854
Pension deficit	273,096		273,096

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$637,225.

\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$427.

## Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2014 were \$208,188. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 108,003
2016	108,003
2017	108,003
2018	72,003
Total minimum lease payments	396,012
Less amount representing interest	(26,220)
Present Value of Minimum Lease Payments	\$ <u>369,792</u>

## Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2014:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2014</u>
Tabor Drive Land Acquisition	8/16/2012	8/15/2013	1.5	\$ 2,975,000	\$	\$ 2,975,000	\$ -
Tabor Drive Land Acquisition	8/15/2013	8/14/2014	1.0		2,160,000		2,160,000
Walsh Intermediate School Roof and Window Replacement	8/16/2012	8/15/2013	1.5	385,000		385,000	-
Walsh Intermediate School Roof and Window Replacement	8/15/2013	8/14/2014	1.0		365,000		365,000
Police, Department of Public Works and Waste Water Treatment Plant Communications Improvements	8/16/2012	8/15/2013	1.5	1,650,000		1,650,000	-
Police, Department of Public Works and Waste Water Treatment Plant Communications Improvements	8/15/2013	8/14/2014	1.0		1,650,000		1,650,000
Board of Education Capital Projects	8/16/2012	8/15/2013	1.5	900,000		900,000	-
Board of Education Capital Projects	8/15/2013	8/14/2014	1.0		900,000		900,000
				<u>\$ 5,910,000</u>	<u>\$ 5,075,000</u>	<u>\$ 5,910,000</u>	<u>\$ 5,075,000</u>

The notes are reported in the Capital Projects Fund and will be retired or permanently financed.

## 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 \$500,000 per employee per year with a stop-loss policy covering amounts exceeding the limit.

The claims liability of \$1,358,104 reported in the Internal Service Fund at June 30, 2014 is based on the GASB 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:

	<b>Current Year</b>			
	<b>Liability</b>	<b>Claims</b>	<b>Claim</b>	<b>Liability</b>
	<b>July 1,</b>	<b>and Changes</b>	<b>Payments</b>	<b>June 30,</b>
		<b>in Estimates</b>		
2012-2013	\$ 754,439	\$ 1,155,149	\$ 828,678	\$ 1,080,910
2013-2014	1,080,910	977,786	700,592	1,358,104

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 \$1,435,670 at June 30, 2014 is based on the GASB No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<b>Current Year</b>			
	<b>Liability</b>	<b>Claims</b>	<b>Claim</b>	<b>Liability</b>
	<b>July 1,</b>	<b>and Changes</b>	<b>Payments</b>	<b>June 30,</b>
		<b>in Estimates</b>		
2012-2013	\$ 1,219,009	\$ 264,836	\$ 124,406	\$ 1,359,439
2013-2014	1,359,439	250,615	174,384	1,435,670

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for prescription drug costs and dental benefits. The claims liability of \$829,000 at June 30, 2014 is based on the Government Accounting Standards Board 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:

	<b>Current Year</b>			
	<b>Liability</b>	<b>Claims</b>	<b>Claim</b>	<b>Liability</b>
	<b>July 1,</b>	<b>and Changes</b>	<b>Payments</b>	<b>June 30,</b>
		<b>in Estimates</b>		
2012-2013	\$ 682,513	\$ 10,603,883	\$ 10,510,450	\$ 775,946
2013-2014	775,946	12,040,495	11,987,441	829,000

## 9. BULKY WASTE LANDFILL

The Town Landfill at the intersection of Tabor Drive and Marshall Road stopped accepting bulky waste from the Branford Transfer Station on June 29, 2012. State and Federal laws and regulations require the Town of Branford to properly close and continually monitor the landfill, and each year the Town appropriates funds for these activities. Capping of the final acre of the landfill was started in Fiscal Year 2012. Final cover has been applied to the total area of the landfill. Certification of closure is anticipated by spring 2015.

Closure costs will be incurred in fiscal year 2015 as the closure contract is finalized. A special revenue fund for the closure of the landfill has been annually appropriated; the balance of this account is currently \$255 including encumbrances.

The closure contract has a remaining balance of \$61,709. Associated engineering costs including but not limited to the landfill gas investigation, permit compliance, construction assistance and closure certification report are approximately \$8,000. Improvements to stormwater quality, landfill gas mitigation and any additional closure requirements to comply with DEEP regulations might be required as part of closure activities, and are not included in the above estimate. 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 may require additional appropriations throughout the life of the landfill.

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

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

Final Cover, Demolition and Grading Cost	\$ 62,000
Engineering Costs	8,000
Postclosure Care Costs (30 years)	
Inspection and Maintenance of Final Cover (\$16,500 annually)	495,000
Monitoring Program, Groundwater, Methane & Stormwater (\$23,500 annually)	<u>705,000</u>
Total	<u>\$ 1,270,000</u>

## **10. JOINT VENTURES**

### **Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$693,812 this year. General Fund fund balance for fiscal year ended June 30, 2014 as reflected in BRRFOC's financial statements is \$10.1 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**

### **Police Employees Retirement Plan**

#### **A. Plan Description**

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

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.

At July 1, 2013 (date of latest valuation), PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	46
Terminated employees entitled to benefits but not yet receiving them	2
Active plan members	<u>40</u>
Total	<u><u>88</u></u>

## **B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting:** PERS financial statements are prepared using the accrual basis of accounting. 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 plan.

**Method Used to Value Investments:** Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. There are no investments in any organization that represent 5% or more of net position available for benefits.

## **C. Investments**

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

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

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

Rate of Return: For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.25%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### **Deferred Retirement Option Program**

The Plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2014, one officer has elected the DROP and the DROP balance was \$9,477.

### **Net Pension Liability of the Town**

In accordance with GASB Statement No. 67, the components of the net pension liability of the Town at June 30, 2014 were as follows:

Total pension liability	\$ 27,009,990
Plan fiduciary net position	<u>21,763,547</u>
Net Pension Liability	<u>\$ 5,246,443</u>
Plan fiduciary net position as a percentage of the total pension liability	80.58%

The Town's net pension liability will be required to be recorded on the government-wide statement of net position at June 30, 2015.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of July 1, 2013, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	Scaled from 10.00% down to 0.0% based on years of service
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates were based on a scale from 25% at age 45 to 100% at age 65. Post-retirement mortality rates were based on the RP-2000 Mortality Table with separate male and female rates, with no collar adjustment, combined tables for non-annuitants and annuitants, projected to the valuation date with Scale AA.

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, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

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

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Net Pension Liability	\$ 8,497,053	\$ 5,246,443	\$ 2,525,429

#### **D. 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.

## E. Annual Pension Cost and Net Pension Obligations

In accordance with GASB Statement No. 27, the Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

Annual required contribution	\$ 903,163
Interest on net pension obligation	(22,032)
Adjustment to annual required contribution	<u>27,268</u>
Annual pension cost	908,399
Contributions made	<u>920,000</u>
Decrease in net pension obligation	(11,601)
Net pension asset at beginning of year	<u>(303,892)</u>
Net Pension Asset at End of Year	\$ <u><u>(315,493)</u></u>

## F. Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/12	\$ 1,045,983	91.8%	\$ (275,481)	\$ 960,000
6/30/13	893,589	103.2	(303,892)	922,000
6/30/14	908,399	101.3	(315,493)	920,000

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/01/09	\$ 15,681,847	\$ 20,691,823	\$ (5,009,976)	75.8%	\$ 3,993,027	125.5%
7/01/11	17,661,592	24,236,343	(6,574,751)	72.9	4,217,112	155.9
7/01/13	19,663,483	26,425,916	(6,762,433)	74.4	3,462,045	195.3

## Defined Contribution Plan

The Town of Branford 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, 2014 is \$162,356. There were 10 participants as of June 30, 2014. Employee contributions and investment earnings through the fiscal year ended June 30, 2014 totaled \$102,227 while employer contributions and earnings totaled \$60,129. 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.

## **Municipal Employees' Retirement System**

All Town of Branford full-time employees, except the Police Department employees, elected officials and certified teachers and administrators, participate in the Connecticut Municipal Employee's Retirement Fund B (MERF), a cost sharing multiple-employer public employee retirement system (PERS) established by the State of Connecticut and administered by the State Retirement Commission to provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to the employees and beneficiaries of participating municipalities. Chapter 113 Part II of the General Statutes of Connecticut, which can be amended by legislative action, establishes PERS benefits, member contribution rates, and other plan provisions. MERF is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106 or by calling 860-702-3480.

*Funding Policy* - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 12.79% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2014, 2013 and 2012 were \$2,224,976, \$2,144,563 and \$2,065,555, respectively, equal to the required contributions for each year.

## **Teacher Retirement**

All Town teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut which has a multiple employer PERS.

A teacher is eligible to receive a normal retirement benefit if he or she has:

- Attained age 60 and has accumulated 20 years of credited service in the public schools of Connecticut, or;
- Attained any age and has accumulated 35 years of credited service, at least 25 years of which are service in the public schools of Connecticut.

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$24,161,527.

The retirement system for teachers is funded by the State of Connecticut based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2014, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$6,038,732 as payments made by the State of Connecticut on behalf of the Town.

The State of Connecticut Teacher Retirement System is considered to be a part of the State of Connecticut financial reporting entity and is included in the State's financial reports as a pension trust fund. Those reports may be obtained by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.



## 12. OTHER POSTEMPLOYMENT BENEFITS

### Summary of Significant Accounting Policies

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

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

### A. 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, 2012, plan membership consisted of the following:

	<b><u>Post-Retirement Medical Program</u></b>
Retired members and spouses	126
Active plan members	<u>585</u>
Total Participants	<u><u>711</u></u>

### B. Funding Policy

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

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

- Eligibility for benefits for Police and Fire range from 10 to 25 years of service at time of retirement determined by union contract and date of hire.

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

### C. Annual OPEB Cost and Net OPEB Obligations

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

	<b>Retiree Benefit Program</b>
Annual required contribution (ARC)	\$ 1,790,500
Interest on net OPEB obligation	(42,200)
Adjustment to annual required contribution	44,300
Annual OPEB cost	1,792,600
Contributions made	1,964,000
Increase in net OPEB asset	171,400
Net OPEB asset at beginning of year	562,100
Net OPEB Asset at End of Year	\$ 733,500

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, 2014, 2013 and 2012, are presented below.

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Asset</b>
6/30/14	\$ 1,792,600	\$ 1,964,000	109.56%	\$ 733,500
6/30/13	1,653,400	1,584,500	95.83%	562,100
6/30/12	1,617,000	1,276,100	78.92%	631,000

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

### Schedule of Funding Progress

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)
7/1/08	\$ -	\$ 16,496,800	\$ (16,496,800)	0%	\$ 41,807,100	(39.46%)
7/1/10	4,134,000	17,271,300	(13,137,300)	23.94%	39,028,800	(33.66%)
7/1/12	5,856,346	20,977,792	(15,121,446)	27.92%	39,169,500	(38.61%)

### Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/14	\$ 1,790,500	109.69%
6/30/13	1,651,000	95.97%
6/30/12	1,613,400	79.09%
6/30/11	1,997,300	75.27%
6/30/10	1,955,400	65.48%
6/30/09	1,818,900	218.16%

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.25% investment rate of return as a trust fund is in existence, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 0% to 4.2%. The general inflation assumption is 9% for 2012, declining 1% per year until 2016, where it is carried at 5% for 2016 and future years. The UAAL is being amortized as a level percentage of projected unit credit on an open basis.

### 13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2014 are as follows:

	<b>Major Special Revenue Funds</b>			<b>Nonmajor Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Sewer Assessment</b>		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 17,875	\$ 17,875
Prepaid items	31,200				31,200
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		3,925,645	1,948,228		5,873,873
Unspent grant balances				2,094,641	2,094,641
Cat room expansion				568	568
Permanent funds				186,661	186,661
Committed to:					
Public works lease	7,885				7,885
General government				362,435	362,435
Public safety				137,904	137,904
Public works and highway				4,101,111	4,101,111
Parks, recreation and libraries				541,816	541,816
Health and human services				534,394	534,394
Education	61,367			60,758	122,125
Assigned to:					
Subsequent year's budget	2,825,000				2,825,000
Purchases on order	717,725				717,725
Unassigned	19,324,509	(1,996,117)		(25)	17,328,367
Total Fund Balances	<u>\$ 22,967,686</u>	<u>\$ 1,929,528</u>	<u>\$ 1,948,228</u>	<u>\$ 8,138,558</u>	<u>\$ 34,984,000</u>

Significant encumbrances of \$717,725, \$3,920,749, \$1,500 and \$265,950 at June 30, 2014 are contained in the above table in the assigned category 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.

### 14. LITIGATION

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

## **15. SUBSEQUENT EVENTS**

The Town issued \$4,965,000 of general obligation bonds dated July 31, 2014 for various capital projects, and \$2,075,000 of general obligation refunding bonds dated July 31, 2014. The bonds will mature on August 1, 2017 and bear interest at a rate of 2.0%-4.0%.

## 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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 87,050,166	\$ 87,050,166	\$ 88,063,487	\$ 1,013,321
Interest Income	488,000	488,000	459,136	(28,864)
Lien Fees	6,200	6,200	8,782	2,582
Suspense Collections	6,100	6,100	55,504	49,404
Delinquent Taxes	867,000	867,000	782,195	(84,805)
Warrant Fees			509	509
Returned Check Fees			100	100
Attorney Fees			3,142	3,142
Motor Vehicle Fees			1,588	1,588
Total taxes	<u>88,417,466</u>	<u>88,417,466</u>	<u>89,374,443</u>	<u>956,977</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,867,736	1,867,736	1,856,796	(10,940)
School Transportation	598	598	80,710	80,112
Health and Welfare	10,000	10,000	6,429	(3,571)
Principal Subsidy	302,188	302,188	692,004	389,816
Interest Subsidy	66,202	66,202	47,959	(18,243)
Circuit Breaker Elderly	196,000	196,000	216,565	20,565
Elderly Tax Relief - Freeze	10,800	10,800	8,000	(2,800)
Disability Exemption	2,600	2,600	2,751	151
Veterans' Reimbursement	25,357	25,357	27,199	1,842
Pequot Grant	50,240	50,240	57,720	7,480
Private Property Exemption	102,351	102,351	113,086	10,735
State Property Exemption	47,042	47,042	53,089	6,047
State Counseling Grants	115,000	115,000	122,886	7,886
Miscellaneous State Grants	45,000	45,000	69,545	24,545
Municipal Video Competition Grant			9,940	9,940
Wildlife Refuge			3,604	3,604
North Branford Probate Fees	4,000	4,000	4,140	140
North Branford Sewer Fees	170,000	170,000	190,305	20,305
Total intergovernmental revenues	<u>3,015,114</u>	<u>3,015,114</u>	<u>3,562,728</u>	<u>547,614</u>

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## TOWN OF BRANFORD, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 401,000	\$ 401,000	\$ 544,775	\$ 143,775
Excavation Permits	4,400	4,400	8,640	4,240
Sewer Connection Permits	90	90	416	326
Zoning Board of Appeals	2,000	2,000	2,495	495
Planning and Zoning	17,000	17,000	21,435	4,435
Map Copies - Building and Engineering	925	925	2,053	1,128
Inland Wetlands Applications	7,000	7,000	13,044	6,044
DEP Application Costs	300	300	394	94
Education Fee	350	350	446	96
Transfer Station Escrow	73,000	73,000	96,905	23,905
Trip Passes			1,743	1,743
Sticker Revenue	20,000	20,000	26,684	6,684
Permits and Tags - Police	22,000	22,000	15,341	(6,659)
Special Wages - Police	550,000	550,000	674,997	124,997
Fingerprinting Fees			4,970	4,970
False Alarm Fees	6,000	6,000	6,600	600
Pump Out Services	5,000	5,000	6,875	1,875
Town Clerk Other Monies	320,000	320,000	347,116	27,116
Conveyance Taxes	268,000	268,000	369,920	101,920
DEP Licenses - Town Portion	350	350	389	39
Marriage Licenses - Town Portion	2,400	2,400	2,961	561
Dog Licenses	5,000	5,000	5,815	815
Ambulance Service Fees	1,530,000	1,530,000	1,577,232	47,232
Miscellaneous Permits and Fees - Fire Services	1,900	1,900	2,360	460
Counseling Fees and Services	350,000	350,000	371,640	21,640
Counseling - United Way Contribution			129	129
E-Commerce Revenue Share	3,000	3,000	9,448	6,448
Total licenses, permits and fees	<u>3,589,715</u>	<u>3,589,715</u>	<u>4,114,823</u>	<u>525,108</u>

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## TOWN OF BRANFORD, CONNECTICUT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Interest Income	\$ 78,000	\$ 78,000	\$ 97,766	\$ 19,766
Other:				
Willoughby - Wallace Library Fees	4,500	4,500	5,894	1,394
Willoughby - Passport Fees	2,000	2,000	11,635	9,635
Employee Health Insurance Co-pay	395,000	395,000	430,907	35,907
In Lieu of Taxes - Telephone Access	91,000	91,000	85,693	(5,307)
In Lieu of Taxes - SCRW	240,000	240,000	257,422	17,422
Leases	19,000	19,000	30,038	11,038
Building Usage	1,600	1,600	2,258	658
NGO Revenue			514	514
Insurance Claims and Refunds	20,000	20,000	67,446	47,446
Miscellaneous Refunds			184,712	184,712
Miscellaneous Income	30,000	30,000	62,274	32,274
Sale of Town Property	105,000	105,000	111,915	6,915
Commerce Bank Revenue Share			13,225	13,225
Returned Check Fees			150	150
Under Liquidated Encumbrances			34,028	34,028
Total other	<u>908,100</u>	<u>908,100</u>	<u>1,298,111</u>	<u>390,011</u>
Total revenues	96,008,395	96,008,395	98,447,871	2,439,476
Other Financing Sources:				
Transfers in	<u>483,822</u>	<u>483,822</u>	<u>483,822</u>	<u>-</u>
Total Revenue and Other Financing Sources	<u>\$ 96,492,217</u>	<u>\$ 96,492,217</u>	98,931,693	<u>\$ 2,439,476</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.			6,038,732	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(34,028)	
The Town does not budget for Board of Education severance fund revenues.			85	
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>642,926</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>\$ 105,579,408</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, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 16,914	\$ 16,914	\$ 16,691	\$ 223
Executive	342,427	355,177	350,194	4,983
Finance	72,878	72,878	45,189	27,689
Treasurer	398,422	402,689	398,408	4,281
Assessor	373,530	380,683	372,431	8,252
Review of Assessment	12,444	12,444	10,102	2,342
Tax Collector	530,005	519,946	231,925	288,021
Town Clerk	230,257	233,813	225,980	7,833
Law	332,500	332,500	307,622	24,878
Labor Relations Negotiations	70,000	70,000	55,580	14,420
Probate Court	10,100	10,100	7,474	2,626
Elections	136,026	136,026	102,554	33,472
Planning and Zoning	265,710	267,161	255,865	11,296
Zoning Board of Appeals	8,510	8,510	5,532	2,978
Economic Development Commission	17,980	17,980	16,658	1,322
Inland Wetlands Commission	102,350	110,468	70,188	40,280
General Government Buildings	1,041,408	1,047,877	951,426	96,451
Cable Television	6,550	6,550	4,659	1,891
Information Technology	647,905	650,405	614,618	35,787
Human Resources	242,159	255,676	243,957	11,719
Total	4,858,075	4,907,797	4,287,053	620,744
Public Safety:				
Police Service	5,648,767	5,694,207	5,405,086	289,121
Police Service - Special Detail	550,000	550,000	455,506	94,494
Fire Protection	4,716,252	4,800,014	4,790,437	9,577
Building Department	160,966	160,966	158,839	2,127
Total	11,075,985	11,205,187	10,809,868	395,319
Public Works and Highways:				
Public Works	2,241,817	2,323,339	2,216,833	106,506
Sanitation and Waste	2,828,650	2,836,246	2,398,072	438,174
General Engineering	307,740	323,113	310,113	13,000
Total	5,378,207	5,482,698	4,925,018	557,680

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## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Recreation:				
Branford Recreation Department	\$ 838,555	\$ 845,002	\$ 831,981	\$ 13,021
Parker Park	68,175	69,575	60,648	8,927
Young's Park Commission	8,579	8,579	7,512	1,067
Docks and Recreational Facilities	12,391	12,391	10,553	1,838
Public Celebration	28,323	28,323	26,691	1,632
Conservation Commission	6,722	6,722	6,684	38
Total	962,745	970,592	944,069	26,523
Libraries:				
James Blackstone Memorial Library	1,220,435	1,220,435	1,220,435	-
Willoughby-Wallace Library	205,232	205,232	200,715	4,517
Total	1,425,667	1,425,667	1,421,150	4,517
Health and Welfare:				
Human Services	1,281,543	1,297,943	1,258,559	39,384
Commission for the Elderly	354,628	354,628	354,206	422
East Shore District Health	207,515	207,515	207,515	-
Total	1,843,686	1,860,086	1,820,280	39,806
Board of Education	51,029,559	51,029,559	50,975,914	53,645
Pension and Insurance:				
Pension and Contributions	3,892,451	3,892,451	3,581,221	311,230
Employee Group Insurance	5,558,975	5,558,975	5,558,228	747
Municipal Insurance	1,735,188	1,886,188	1,875,560	10,628
Contingency	950,309	493,705		493,705
Total	12,136,923	11,831,319	11,015,009	816,310
Debt Service:				
Principal Retirement	5,275,004	5,940,004	5,940,004	-
Interest and Fiscal Charges	1,376,636	1,376,636	1,370,260	6,376
Total	6,651,640	7,316,640	7,310,264	6,376
Total expenditures	95,362,487	96,029,545	93,508,625	2,520,920

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## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 143,845	\$ 144,095	\$ 144,095	\$ -
Special Programs Fund	75,000	75,000	75,000	-
Cafeteria Fund	236,574	236,574	236,574	-
Building Usage Fund	37,721	37,721	37,721	-
Sewer Utility Fund	600,000	600,000	600,000	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Walsh Intermediate School Roof and Windows Fund	20,000	20,000	20,000	-
Tabor Drive Land Acquisition Fund	815,000	815,000	815,000	-
Revaluation Fund	99,500	99,500	99,500	-
Ambulance	50,000	50,000	50,000	-
Fire Apparatus	100,000	100,000	100,000	-
Elderly Vehicles	30,000	30,000	30,000	-
DPW Apparatus	175,000	175,000	175,000	-
Capital Procurement Fund	1,545,290	1,550,290	1,550,290	-
Total other financing uses	<u>3,954,730</u>	<u>3,959,980</u>	<u>3,959,980</u>	<u>-</u>
Total Budgeted Operations	\$ <u>99,317,217</u>	\$ <u>99,989,525</u>	97,468,605	\$ <u>2,520,920</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.			6,038,732	
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.			642,926	
The Town does not budget for Lease fund activity.			117,115	
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.			(17,510)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>104,249,868</u>	

## TOWN OF BRANFORD, CONNECTICUT

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

## LAST FISCAL YEAR

	<u>2014</u>
Total pension liability:	
Service cost	\$ 285,624
Interest	1,817,539
Benefit payments, including refunds of member contributions	(1,519,089)
Net change in total pension liability	<u>584,074</u>
Total pension liability - beginning	<u>26,425,916</u>
Total pension liability - ending	<u>27,009,990</u>
Plan fiduciary net position:	
Contributions - employer	920,000
Contributions - member	282,016
Net investment income	2,343,293
Benefit payments, including refunds of member contributions	(1,519,089)
Administrative expense	(87,885)
Net change in plan fiduciary net position	<u>1,938,335</u>
Plan fiduciary net position - beginning	<u>19,825,212</u>
Plan fiduciary net position - ending	<u>21,763,547</u>
Net Pension Liability - Ending	<u>\$ 5,246,443</u>
Plan fiduciary net position as a percentage of the total pension liability	80.58%
Covered-employee payroll	\$ 3,462,045
Net pension liability as a percentage of covered-employee payroll	151.54%

## TOWN OF BRANFORD, CONNECTICUT

## SCHEDULE OF EMPLOYER CONTRIBUTIONS

## LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 502,901	\$ 707,592	\$ 724,592	\$ 781,134	\$ 773,105	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163
Contributions in relation to the actuarial determined contribution	675,000	675,000	784,950	802,960	806,769	1,101,866	887,078	960,000	922,000	920,000
Contribution Deficiency (Excess)	\$ 172,099	\$ (32,592)	\$ 60,358	\$ 21,826	\$ 33,664	\$ 308,124	\$ (127,025)	\$ (81,413)	\$ 32,368	\$ 16,837
Covered-employee payroll	\$ 2,827,161	\$ 3,353,416	\$ 3,353,416	\$ 3,506,873	\$ 3,506,876	\$ 3,993,027	\$ 3,993,027	\$ 4,217,112	\$ 4,217,112	\$ 3,462,045
Contributions as a percentage of covered-employee payroll	23.88%	20.13%	23.41%	22.90%	23.01%	27.59%	22.22%	22.76%	21.86%	26.57%

## Notes to Schedule

Valuation Date: July 1, 2013  
Measurement Date: June 30, 2014

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 19 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 10.00% down to 0.0% based on years of service.  
Investment rate of return 7.00%  
Retirement age Scaled based on age from 25% at age 45 to 100% at age 65  
Mortality Pre-retirement, scaled between age 20 and 65 from .01% up to .20%  
Post-retirement: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

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

---

**2014**

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

11.25%

## APPENDIX B - FORM OF OPINION OF BOND COUNSEL AND TAX EXEMPTION

# JOSEPH FASI LLC

A T T O R N E Y S   A T   L A W

56 ARBOR STREET, SUITE 418  
HARTFORD, CONNECTICUT 06106

TELEPHONE (860)296-0510  
FACSIMILE (860)296-0541

### FORM OF OPINION OF BOND COUNSEL

Town of Branford  
Branford, Connecticut

Ladies and Gentlemen:

We have represented the Town of Branford, Connecticut as bond counsel with respect to the issuance and sale of \$19,880,000 Town of Branford, Connecticut General Obligation Bonds, Issue of 2015, bearing a Dated Date of May 5, 2015 and an Original Issue Date of May 5, 2015 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated May 5, 2015 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The bonds are not subject to redemption prior to maturity. The bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company, to effect a book-entry system for the ownership and transfer of the bonds, and are certified by U.S. Bank National Association, Hartford, Connecticut (the "Certifying Agent").

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the bonds under authority of the constitution and statutes of the State of Connecticut and that when certified by the Certifying Agent the bonds are valid and binding general obligations of the Town of Branford payable both principal and interest from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Town and under existing statutes the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation upon its power to tax such dwelling houses. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the bonds in order that interest on the bonds not be included in gross income under Section 103 of the Code. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the bonds shall not be included in the gross income of the owners thereof for Federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the bonds is not included in the gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the bonds is, however, includable in the adjusted current earnings of a corporation (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax imposed on corporations. We express no opinion regarding other Federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the bonds.

In rendering the foregoing opinions regarding the Federal income tax treatment of interest on the bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, (ii) continuing compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters, and (iii) the material accuracy of the calculations of AMTEC with respect to the yield on the bonds and on certain escrowed securities purchased with the bonds, and net present value savings to the Town as a result of issuance of the bonds.

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

The rights of owners of the bonds and the enforceability of the bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully yours,

JOSEPH FASI LLC



## **TAX MATTERS**

### **Opinion of Bond Counsel**

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met subsequent to delivery of the Bonds in order that interest on the Bonds not be included in gross income under Section 103 of the Code. The Tax Regulatory Agreement, which will be executed and delivered by the Issuer concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Issuer also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall not be included in gross income of owners thereof for purposes of Federal income taxation under the Code. Failure to comply with the continuing requirements of the Code may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds irrespective of the date on which non compliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Issuer with the Tax Regulatory Agreement. In addition, with respect to the Bonds, Bond Counsel will rely on the Verification Report of AMTEC with respect to the yield on the bonds and on certain escrowed securities purchased with the bonds, and net present value savings to the Issuer as a result of issuance of the bonds.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Issuer with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is not included in the gross income of the owners thereof for purposes of Federal income taxation and is not treated as a preference item for purposes of computing the Federal alternative minimum tax. Interest on the Bonds is, however, includable in the adjusted current earnings of corporations (as defined for federal income tax purposes) for purposes of computing the Federal alternative minimum tax on corporations.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the Federal alternative minimum tax. Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding the state and local tax consequences of ownership and disposition of the Bonds.

Bond Counsel expresses no opinion regarding any other Federal or State tax consequences of ownership or disposition of the Bonds.

### **Additional Tax Matters**

The following is a brief discussion of certain Additional Tax Matters associated with purchase and ownership of the Bonds. Bond Counsel's opinion does not address these issues (see opinion above) and prospective purchasers are advised to consult their own tax advisors regarding federal and state consequences of ownership and disposition of the Bonds.

Ownership of tax exempt obligations such as the Bonds may result in certain collateral Federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of ownership and disposition of the Bonds.

### **Original Issue Discount and Premium**

The following is a general discussion of Original Issue Discount and Premium and not an opinion of Bond Counsel. Prospective Investors are advised to consult their own tax advisors regarding original issue discount and original issue premium in connection with their ownership and disposition of the Bonds.

The initial public offering prices of certain maturities of the Bonds (the “OID Bonds”) may be less than their stated principal amounts. Under existing law, the difference between the stated principal amount and the initial offering price of each maturity of the OID Bonds to the public (excluding bond houses and brokers) at which a substantial amount of such maturity of the OID Bonds is sold will constitute original issue discount (“OID”). Based solely on information provided by the Underwriters, the offering prices relating to the yields set forth on the cover page of this Official Statement for the OID Bonds are expected to be the initial offering prices to the public at which a substantial amount of each maturity of the OID Bonds are sold. Under existing law OID on the Bonds accrued and properly allocable to the owners thereof under the Code is not included in gross income for federal income tax purposes if interest on the Bonds is not included in gross income for federal income tax purposes.

In general, however, under the Code, for purposes of determining an owner’s adjusted basis in an OID Bond, OID treated as having accrued while the owner holds the OID Bond will be added to the owner’s basis. OID will accrue on a constant-yield-to-maturity method based on regular compounding. The owner’s adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of an OID Bond. For certain corporations (as defined for federal income tax purposes) a portion of the original issue discount that accrues in each year to such an owner of an OID Bond will be included in the calculation of the corporation’s federal alternative minimum tax liability. As a result, ownership of an OID Bond by such a corporation may result in an alternative minimum tax liability even though such owner has not received a corresponding cash payment.

Prospective purchasers of OID Bonds, including those not purchasing a Bond at its initial public offering, should consult their own tax advisors as to the calculation of accrued OID, the accrual of OID in the cases of owners of the OID Bonds purchasing such Bonds after the initial offering and sale, and the federal, state and local tax consequences of owning or disposing of such OID Bonds.

#### Original Issue Premium

The initial public offering prices of certain maturities of the Bonds (the “OIP Bonds”) may be more than their stated principal amounts. An owner who purchases a Bond at a premium to its principal amount must amortize bond premium as provided in applicable Treasury Regulations, and amortized premium reduces the owner’s basis in the Bond for federal income tax purposes. Prospective purchasers of OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal, state and local income tax purposes, including special rules regarding the consequences of ownership, amortization of bond premium, basis, and gain or loss from the sale or exchange of OIP Bonds.

#### **FUTURE EVENTS**

The Federal and State tax treatment of municipal bonds is determined by Federal, state and local legislation, administrative pronouncements and court decisions. For example, recent Federal legislative proposals have been introduced into Congress which, if enacted, would eliminate or curtail the exclusion from gross income of interest paid on municipal bonds or have other collateral tax consequences that will adversely affect their tax treatment, including limiting the exclusion from gross income on tax exempt bonds for higher income taxpayers. Current ongoing Federal budget discussions include such proposals. The enactment of such proposals may adversely affect the tax treatment of: the interest paid on the Bonds, their sale or disposition, market price, marketability, or otherwise prevent Beneficial Owners from receiving the full current tax benefit of ownership. There can be no assurance that changes of law by Federal or State governments will not occur or that they will not be made retroactive. Bond Counsel does not opine as to post issuance acts, including changes of law. Prospective purchasers and Beneficial Owners should consult their own tax advisors regarding pending or proposed law changes.

## APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

### CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of May 5, 2015

In Connection With The Issuance And Sale Of

\$19,880,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2015,

Dated May 5, 2015

WHEREAS, the Town of Branford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$19,880,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2015 (the "Bonds") to be dated May 5, 2015 and to mature in the principal amounts and on the dates set forth in the Issuer's Official Statement describing the Bonds (the "Official Statement"); and

WHEREAS, the Issuer acknowledges that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Issuer has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5) as amended from time to time (the "Rule"), and the Issuer desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Issuer is authorized pursuant to Public Act 95-270 enacted by the Connecticut General Assembly to make representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement is to be made, executed and delivered in connection with the issuance of the Bonds, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, THE ISSUER HEREBY REPRESENTS, COVENANTS AND AGREES AS FOLLOWS:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 2 and 3 of this Continuing Disclosure Agreement.

"Fiscal Year End" shall mean the last day of the Issuer's fiscal year, currently June 30.

"Listed Events" shall mean any of the events listed in Section 4 of this Continuing Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934, as amended, or any successor thereto. For purposes of this agreement, continuing disclosure information will be filed where approved from time to time by the MSRB, and which as of the date hereof means:

<http://emma.msrb.org>

Section 2. Annual Reports.

A. The Issuer shall provide or cause to be provided to the MSRB, the following annual financial information and operating data regarding the Issuer:

1) Audited financial statements as of and for the year ending on its Fiscal Year End for the general fund, capital projects funds and special revenue funds, prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

2) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in 1) above:

- (a) the amounts of the gross and net taxable grand list;
- (b) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;
- (c) the percentage or amount of the annual property tax levy collected and uncollected;
- (d) a schedule of the annual debt service on outstanding long-term bonded indebtedness;
- (e) a calculation of the direct debt, net direct debt and overall net debt (reflecting overlapping and underlying debt);
- (f) the direct debt and overall net debt of the Issuer per capita;
- (g) the ratios of direct debt and overall net debt of the Issuer to the Issuer's equalized net (taxable) grand list;
- (h) a statement of statutory debt limitations and debt margins;
- (i) the funding status of the Issuer's pension benefit obligation.

B. The above-referenced information is expected to be provided by the filing of and cross reference to the Issuer's Annual Report. The information may be provided in whole or in part by cross-reference to other documents provided to the MSRB, including official statements of the Issuer which will be available from the MSRB. The information will be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

C. Subject to the requirements of Section 8 hereof, the Issuer reserves the right to modify from time to time the specific types of information or data provided or the format of the presentation of such information or data, to the extent necessary or appropriate; provided that the Issuer agrees that any such modification will be done in a manner consistent with the Rule. The Issuer also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Issuer shall provide the information and data referenced in Section 2(A) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the bonds, provided, however, that if such financial information and data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Issuer shall provide such information and data no later than eight months after the close of such preceding Fiscal Year End. The Issuer agrees that if audited information is not available eight months after the close of any Fiscal Year End, it shall submit unaudited information by such time and will submit audited information within a reasonable time.

Section 4. Event Notices. The Issuer agrees to provide or cause to be provided, in a timely manner not in excess of 10 business days after the occurrence of the event to the MSRB, notice of the occurrence of any of the following events:

- a) principal and interest payment delinquencies;
- b) non-payment related defaults, if material;
- c) unscheduled draws on debt service reserves reflecting financial difficulties;
- d) unscheduled draws on credit enhancements reflecting financial difficulties;
- e) substitution of credit or liquidity providers, or their failure to perform;
- f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- g) modifications to rights of security holders, if material;
- h) bond calls, if material, and tender offers;
- i) defeasances;
- j) release, substitution or sale of property securing repayment of the securities, if material;
- k) rating changes;
- l) bankruptcy, insolvency, receivership or similar event of the Issuer;
- m) the consummation of a merger, consolidation or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 5. Notice of Failure. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of any failure by the Issuer to provide the annual financial information described in Section 2.A of this Continuing Disclosure Agreement.

Section 6. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Issuer may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Continuing Disclosure Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Agreement, the Issuer may amend this Continuing Disclosure Agreement, and any provision of this Continuing Disclosure Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Issuer, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) the Agreement as so amended would have complied with the requirements of the Rule as of the date of the Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the MSRB. The annual financial information provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating or financial information provided.

Section 9. Additional Information. Nothing in this Continuing Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Continuing Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Continuing Disclosure Agreement, the Issuer shall have no obligation under this Continuing Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Indemnification. The Issuer agrees to indemnify and save its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to any agent's negligence or misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of any agent and payment of the Bonds.

Section 11. Enforceability. The Issuer agrees that its undertaking pursuant to the Rule set forth in this Continuing Disclosure Agreement is intended to be for the benefit and enforceable by the beneficial owners of the Bonds. In the event the Issuer shall fail to perform its duties hereunder, the Issuer shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Issuer does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder. No monetary damages shall arise or be payable hereunder nor shall any failure to comply with this Agreement constitute default of the Issuer with respect to the Bonds.

**[Signature Page Follows]**

CONTINUING DISCLOSURE AGREEMENT

By The

TOWN OF BRANFORD, CONNECTICUT

Dated As Of May 5, 2015

In Connection With The Issuance And Sale Of

\$19,880,000 Town Of Branford, Connecticut

General Obligation Bonds, Issue of 2015,

Dated May 5, 2015

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF BRANFORD, CONNECTICUT

By \_\_\_\_\_  
James B. Cosgrove  
First Selectman

By \_\_\_\_\_  
Michael T. Nardella  
Treasurer

By \_\_\_\_\_  
James P. Finch, Jr.  
Finance Director