

Official Statement Dated July 24, 2018

NEW 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 excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code, and is not a specific preference item for purposes of computing the Federal alternative minimum tax. 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

\$18,000,000

GENERAL OBLIGATION BONDS, ISSUE OF 2018

BOOK-ENTRY-ONLY

Dated: Date of Delivery

Due: August 1, 2019-2038

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 1 and August 1 in each year until maturity, commencing February 1, 2019. 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 subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein.)

The Certifying, Registrar, Transfer and Paying 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)
2019	\$ 950,000	4.000%	1.400%	105385WX2	2029	\$ 950,000	2.750%	2.803%	105385XH6
2020	950,000	4.000	1.550	105385WY0	2030	950,000	3.000	2.900*	105385XJ2
2021	950,000	4.000	1.680	105385WZ7	2031	950,000	3.000	3.000	105385XK9
2022	950,000	4.000	1.800	105385XA1	2032	950,000	3.000	3.100	105385XL7
2023	950,000	4.000	1.900	105385XB9	2033	950,000	3.125	3.210	105385XM5
2024	950,000	2.000	2.089	105385XC7	2034	950,000	3.125	3.307	105385XN3
2025	950,000	3.000	2.250*	105385XD5	2035	950,000	3.250	3.367	105385XP8
2026	950,000	2.250	2.388	105385XE3	2036	950,000	3.250	3.400	105385XQ6
2027	950,000	3.000	2.550*	105385XF0	2037	450,000	3.375	3.447	105385XR4
2028	950,000	3.000	2.650*	105385XG8	2038	450,000	3.500	3.500	105385XS2

* Priced assuming redemption on August 1, 2023; however any such redemption is at the option of the Town (see "Optional Redemption" herein).

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 August 7, 2018.

- (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 Municipal 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.

Morgan Stanley & Co. LLC., an underwriter of the Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds

BOND COUNSEL

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INDEPENDENT MUNICIPAL ADVISOR

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

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(203) 245-8715*

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BOND SALE SUMMARY

The information in this Bond Sale Summary is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The Official Statement speaks only as of its date and the information herein is subject to change.

Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Date of Sale:	Tuesday, July 24, 2018, at 11:00 A.M. (E.D.T).
Location of Sale:	Office of the Finance Director, Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405.
Issuer:	Town of Branford, Connecticut (the "Town").
Issue:	\$18,000,000 General Obligation Bonds, Issue of 2018.
Dated Date:	August 7, 2018.
Interest Due:	February 1 and August 1 in each year of maturity, commencing February 1, 2019.
Principal Due:	Serially August 1, 2019 - 2038.
Purpose and Authority:	The Bonds are being issued to finance various projects undertaken by the Town. (See "Authorization and Purpose of the Bonds" herein).
Redemption:	The Bonds are subject to redemption prior to maturity, as more fully described herein.
Security:	The Bonds will be general obligations of the Town and the Town will pledge its full faith and credit to the payment of the principal of and interest on the Bonds when due. (See "Security and Remedies" herein).
Credit rating:	The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The rating on the Town's other outstanding bonds are "AAA" by S&P. (See "Ratings" herein).
Basis for Award:	Lowest True Interest Cost ("TIC") as of the dated date.
Tax Exemption:	See Appendix B, "Form of Opinion of Bond Counsel and Tax Exemption".
Continuing Disclosure:	See Appendix C, "Form of Continuing Disclosure Agreement".
Bank Qualification:	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.
Certifying Bank, Registrar, Transfer and Paying Agent:	U.S. Bank National Association of Hartford, Connecticut.
Legal Opinion:	Joseph Fasi LLC of Hartford, Connecticut is Bond Counsel.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry form will be made to the Depository Trust Company via "FAST" on or about August 7, 2018, against payment in Federal Funds.
Issuer Official:	Questions regarding the Town and this Official Statement should be directed to James P. Finch, Jr., Finance Director, 1019 Main Street, Branford, Connecticut 06405 - Telephone (203) 315-0663.

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 municipal advisor in connection with the issuance and sale of \$18,000,000 General Obligation Bonds, Issue of 2018 (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 municipal 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 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 1 and August 1 in each year, commencing February 1, 2019. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds at the rates per annum as set forth on the cover page, as of the close of business on the fifteenth day of January and July in each year, or the preceding day if such fifteenth day is not a business day. 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 and Paying 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 subject to redemption prior to maturity as described herein. (See "Optional Redemption" herein.)**

Optional Redemption

The Bonds maturing on or before August 1, 2023 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2024, and thereafter are subject to redemption prior to maturity, at the election of the Town, on and after August 1, 2023, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the redemption price or prices (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

<u>Redemption Dates</u>	<u>Redemption Price</u>
August 1, 2023 and thereafter	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as the same shall last appear on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if sufficient funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bonds to be redeemed shall be in the principal amount of \$5,000 or a multiple thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption.

Redemption of a portion of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds of such maturity held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by or the responsibility of the Town, the Registrar or Paying Agent.

Authorization and Use of Proceeds of the Bonds

Authorization:

The 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 Bonds will be used as follows:

Projects	Amount of Total Authorization*	Previously Bonded	BANs Outstanding	Additions (Reductions)	The Bonds (<i>This Issue</i>)
Town Capital Improvements (2013)	\$ 1,020,000	\$ 695,000	\$ -	\$ 65,000	\$ 65,000
Community Center Renovations Project	12,115,000	2,990,000	-	5,435,000	5,435,000
Walsh Intermediate School Renovation	88,200,000	4,100,000	-	12,500,000	12,500,000
Total	<u>\$ 101,335,000</u>	<u>\$ 7,785,000</u>	<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ 18,000,000</u>

* The Town reserves the right to reallocate proceeds among its bond authorized projects to meet its capital cash flow needs.

Ratings

The Bonds have been rated "AAA" by S&P Global Ratings ("S&P"). The ratings on the Town's other outstanding bonds are "AAA" by S&P. Such ratings reflect only the views of such rating agencies and any explanation of the significance of such rating may be obtained from S&P at the following address: 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 of 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.

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.

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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, Key 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. Each sector contributes to providing the town with a strong tax base with employment opportunities that keep the town consistently well below the region and state unemployment levels, currently at 3.7%. The Town's major industry clusters include *biotech R&D, medical and healthcare services, manufacturing, retail, and tourism*.

The Town's economic development office works closely with businesses on issues ranging from site selection to expansion to training, and has developed a strong relationship with a variety of industry associations and state and regions organizations to promote the Branford with new and expanding businesses. That includes being an active member with REX Development, BioCT, CCIM [CT's association of commercial brokers], the Greater New Haven and the Shoreline Chambers of Commerce, Workforce Alliance, the New Haven Manufacturing Association, and the CT Technology Council.

In *biotech*, Branford boasts one of the state's strongest R&D communities with Ancera, Axerion Therapeutics, AxioMx, BioXcel, Celldex, Core Informatics, Evotec, Forma, FreeThink Technologies, sema4, Thetis Pharmaceuticals, and Viiv among them. In the four years since Mt. Sinai Testing Labs began operations, it has grown from an initial staff of three to more than 60 and has completed a 10,000 sf expansion. It recently re-organized and has spun off its operation as a for-profit operation now called "*sema4*". Core Informatics has completed its expansion and now occupies more than double the space it originally had and has more than tripled its staffing level. Ancera is another Branford-based biotech that has expanded into a larger space in order to accommodate its growth. British based GlaxoSmithKline opened a new facility near Exit 56 with over 24,000 sf spanning two floors. Likewise, Evotec, a molecular sample library, is also in the midst of expansion plans. The town has established itself as a sought after sight for these new and expanding companies by: working closing with BioCT, the state's biotech association; forging a relationship with UConn TIP – Technology Incubator Program -- for start-ups to move to when they have outgrown their TIP space; and, partnering with ABCT (Accelerator for Biosciences in Connecticut), a state led competitive program for entrepreneurial research MBAs and MDs to create new bioscience ventures.

Health care is another industry cluster that continues to grow with Branford Hills Health Care, Connecticut Hospice, Connecticut Orthopedic Center, Stony Creek Urgent Care, Hearth at Gardenside, and Artis Memory Care & Senior Living. Virginia-based Artis recently opened a new 64-bed residential care facility, its first location in the northeast. Meanwhile, Yale University-affiliated Yale Dermatology Associates has established its shoreline operation as a major tenant in a prominent building on Rte. 1, with 15 to 20 new positions creations. CPa, a new medical coding service provider, began operation less than four years ago and is currently planning its second expansion and adding up to another 20 new positions.

Branford's *manufacturing* sector includes aerospace specialists Arconic Howmet [formerly Alcoa] and Harco Electric, with CAS Medical Systems, Ivy Biomedical Systems, and Defibtech leading the medical manufacturing sector. American Polyfilm, Wilson Arms, and Madison Polymeric Engineering are further examples of manufacturing enterprises that have expanded, enlarging their physical footprints and increasing their workforce. Recent expansions include American Polyfilm's new 28,000 sf state-of-the-art manufacturing facility, doubling its workforce growing to be one of the largest manufacturers of polyfilm in the U.S. and with increased exports. It also decided to keep and expand its former manufacturing facility operating due to product demand. Wilson Arms, a manufacturer of specialty rifle barrels, has purchased 26,000 square foot building following a recent 20,000 square foot expansion at its nearby headquarters site. Defibtech relocated to Branford in late 2016 and opened a new 24,000 sf facility, adding more than 20 new positions to the town's workforce and already has plans for further expansion underway.

A new manufacturing subset has developed in town as Branford is now home to three breweries, two occupying facilities with nearly 30,000 sf each. Focusing on product manufacturing and distribution, the Branford brewers have already established a footprint up the eastern seaboard and throughout the northeast. In addition to being manufacturers, each is part of the tourism industry with their tasting rooms and facility operation tours, creating visitor destinations and providing Branford with its own "beer trail" for visiting beer lovers to enjoy. Only in its third year of operation, Stony Creek Brewery alone brought over 320,000 visitors to Branford last year. It is now ranked as one of a major destination in the state, moving the DOT to erect tourist signs along I-95 to guide visitors to its town center site. At the same time, Thimble Island Brewery moved from its original 2,500 square foot start-up site into more than 25,000 square feet, allowing for more production capability, a larger tasting room and an addition of an event room to accommodate parties and meetings. Combined with more than twenty miles of shoreline with marinas, yachts clubs and the Thimble Islands, Branford is capitalizing on this new industry and a general growth in tourism that concentrates on life-style. This is one reason the founder of Stony Creek Brewery has developed plans for a boutique hotel on the Branford River. The property has been acquired and planning & zoning approvals have been secured, with construction expected to begin sometime in 2019.

Branford's diverse *retail* community includes national names such as Walmart and Kohl's, as well as independently owned and nationally recognized specialty shops, such as Zane's Cycles and soundRUNNER.

The "Town Center Revitalization" was completed in the early 1990s with 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. The program greatly enhanced the area around the Town Green, which has further encouraged 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.

The Town has revisited that project and is now working with engineers and consultants to build on the success of that original revitalization project and to continue efforts to improve vehicular and pedestrian traffic flow and parking availability, as well as to upgrade lighting and signage. The Town has been successful in recent years in securing state grants and funding to continue to improve and upgrade 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 green; extending pedestrian walkways and lighting from Main Street along the side and back of the Town Green; restoration and repairs to The Academy, an early 19th century school building and historical landmark that graces the south corner of the green facing Branford's historic Center Cemetery. These efforts have resulted in keeping the town center as the commercial, social and civic heart of the town.

Private investment has followed that course. Only a few years after the completion of "Green View Commons", a new 119-unit apartment complex a block from the town green, the proposed Atlantic Wharf project will offer the same convenience and amenities of living in the town center. The proposed re-development of the seven and one-half acre former Atlantic Wire mill complex near the town green received unanimous zoning approval and broad community support. With demolition over and site remediation nearly completed, the \$55 million project will transform an obsolete industrial site into 21st century mixed use commercial / residential complex that is an easy walk to the Town Green, the train station, and the Branford River, designed to meet a demonstrated need for housing opportunities for young professionals who want to live with easy access of rail and bus service and close to all the amenities the Town Center offers with its restaurants and entertainment.

The train station itself recently underwent a second expansion with the addition of a new passenger platform on the north side of the tracks with connecting pedestrian bridge and a curbside "kiss & ride" site to facilitate commuter drop offs. These improvements anticipate expanded rail service connecting Branford to Yale University, Yale New Haven Hospital, and other major employers in New Haven, as well as connecting to Metro North service to New York, Amtrak to Boston, and the newly inaugurated New Haven-Hartford-Springfield rail line. This project was in addition to recent road and bridge improvements on the east end town designed to increase capacity and improve safety and to better serve our business and residential communities.

Currently, the Town is completing its decennial Comprehensive Plan of Conservation and Development ("POCD"), intended to serve as guide for improved utilization of underdeveloped land parcels across town and to encourage redevelopment in high traffic commercial areas, particularly along the Route 1 corridor. A Transit Oriented Development plan was completed in late fall of 2017 and is being incorporated into the POCD to serve as the town's roadmap for the next ten years. The plan is schedule to be finalized, approved and adopted by the end of 2018, with implementation steps to begin soon after.

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 seven 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

	Selection	Term Expires	Years of Service
James B. Cosgrove - First Selectman	Elected	11/19	4.5
Joseph E. Higgins, Jr. - Selectman	Elected	11/19	4.5
Jack Ahem - Selectman	Elected	11/19	2.5
Lisa E. Arpin - Town Clerk	Elected	1/20	3.5
Roberta Gill-Brooks - Tax Collector	Elected	11/19	1.5
Michael T. Nardella - Town Treasurer	Elected	11/17	3.5
William A. Aniskovich - Town Attorney	Appointed	Indefinite	4.5
Joseph Mooney - Board of Finance Chairman	Appointed	7/31/2019	26.0
Barbara Neal - Assessor	Appointed	Indefinite	17.0
Hamlet M. Hernandez - Superintendent of Schools	Appointed	Indefinite	8.0
James P. Finch, Jr. - Finance Director	Appointed	Indefinite	20.0
Blum, Sharpiro & Company, PC - Independent Auditor	Appointed	Indefinite	22.0
Independent Bond and Investment Consultants LLC - Municipal Advisor	Appointed	Indefinite	23.0

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 28,000 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, aka Bristol Facility Policy Board ("Policy Board"). Under a long term Municipal Solid Waste Disposal and Recycling Services Agreement ("Agreement") between the Town and Covanta Bristol, Inc. ("Covanta") executed in January 2013, Covanta is responsible for disposal of municipal solid waste. The Agreement provides for the Town to deliver a minimum of 5,887 tons of waste in any given contract year, subject to any adjustments stipulated in the Agreement, currently the tipping fee is \$53.59 per ton.

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, Branford and the Towns of Seymour and Hartland also became Contracting Communities. In July 2014, the BRRFOC also assumed primary responsibility for operations of the newly formed Policy Board, which consists of town officials appointed by each of the Contracting Communities and assumes responsibility for management decisions on behalf of the member communities, primarily related to the Agreement by and among the fourteen Municipalities and Covanta. Some of these Municipalities also rely upon services provided by BRRFOC management with respect to managing recyclables, household hazardous waste, electronics, and special projects associated with local environmental issues.

Covanta (formerly Ogden-Martin Systems of Bristol, Inc.) operates the Bristol Resource Recovery Facility, originally permitted as a 650-ton per day mass burn solid waste disposal, electric power generation and resource recovery facility at 170 Enterprise Drive in Bristol, Connecticut, and the Southeastern Connecticut Resource Recovery Facility, a similarly sized facility located at 132 Military Highway in Preston, Connecticut. Covanta is a subsidiary of Covanta Energy Corporation, a Delaware Corporation (New York Stock Exchange – CVA). Both facilities accept and dispose of the Town's municipal solid waste, and deliveries to either facility are accounted for as part of the contractual Annual Minimum Commitment.

Under the Agreement, Covanta is obligated to accept and dispose of Acceptable Solid Waste generated within the boundaries of the Municipality, using the Bristol Facility or Designated Facility. The Contracting Communities have agreed to make all reasonable efforts to deliver all Acceptable Solid Waste generated within their respective boundaries to the Facility in each Contract Year up to the sum total of the individual Municipality's Annual Original Minimum Commitment of 93,000 tons of Acceptable Waste.

If the Bristol Facility is temporarily unable to receive and process Acceptable Waste, the Company is obligated to provide waste disposal services at a Designated Facility. In such circumstances, the Electrical Revenue Share allocated to the Town may decrease (for Fiscal Year 2017, this was reflected as a credit of approximately \$20,900).

The Town also operates a leaf compost site, and owns a bulky waste landfill which was certified as closed in August 2015. 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.

Human Services: Branford Counseling Center is the municipal behavioral health department of the Town licensed by the Connecticut Department of Public Health providing individual, group and family therapy to the adults and children of Branford. Clinical treatment is provided by licensed professionals and Board certified psychiatrists. The agency accepts Medicare, Medicaid and private insurance. Branford Counseling Center is the Youth Service Bureau for the Town as well as the Social Service department which addresses such needs as emergency housing, utility shut off assistance, emergency heating fuel assistance and emergency rental assistance.

Planning and Zoning Commission: The Town has a combined Planning and Zoning Commission, which processes 50-100 development related zoning and subdivision applications each year. The Planning and Zoning Department, in addition to its core role of providing staff and administrative support to the Planning and Zoning Commission, provides support to the Zoning Board of Appeals and two design review boards. The Department also coordinates with other departments, Boards, Commissions, and advocacy groups to support various planning studies and projects such as the Coastal Resilience Plan, pedestrian and bicycle improvements such as the Shoreline Greenway Trail. A Small Cities program grant, which has garnered over four million dollars for Branford projects over a period of fifteen years, is administered by the Department.

Planning studies include a grant funded, recently completed (2017) project to develop a detailed Transit Oriented Development plan for the area extending from the Town Center commercial area including the adjoining historic residential area and older industrial uses near the Branford Shore Line East Train Station and the Branford River (tidal estuary). The goal of the study and its recommended streetscape improvements and zoning changes is to foster redevelopment/investment in the area (particularly on currently underutilized industrial sites). An update of the Town's Master Plan or Plan of Conservation and Development is currently underway which includes new policies and recommendations addressing sea level rise and coastal vulnerability, including potential impact on infrastructure and how to implement possible responses/projects proposed to address expected impacts.

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 \$9,862,912 on the Grand List of 10/01/16, generating a PILOT payment of \$280,797 for fiscal year 2017-18.

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

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 10/01/17	Capacity
Indian Neck	EYP (1)	1950		8	29	200
Mary T. Murphy	PreK-4 (2)	1960	1991	24	388	500
Mary R. Tisko	K-4 (2)	1960	1991	24	386	500
John B. Sliney	PreK-4 (2)	1928	1979	19	303	500
Walsh Intermediate (3)	5-8	1972		63	889	1500
Branford High School	9-12	1958	1964, 1970, 1982, 1995, 1999	88	886	1,400
Total				226	2,881	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	5 - 8	9 - 12	Total (1)
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
2015	1,179	912	954	3,045
2016	1,153	869	931	2,953
2017	1,106	889	886	2,881

(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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Government (1)	221	219	218	218	218
Board of Education (2)	<u>534</u>	<u>540</u>	<u>540</u>	<u>540</u>	<u>544</u>
Totals	<u>755</u>	<u>759</u>	<u>758</u>	<u>758</u>	<u>762</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	107
Public Works	44
Health & Welfare	22
Recreation	9
Libraries	<u>2</u>
Subtotal	221
<u>Board of Education Employees (2)</u>	
Administration and Principals	17
Teachers	281
Other	<u>236</u>
Subtotal	<u>534</u>
Total Town Employees	<u>755</u>

(1) Budgeted positions.

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

Source: Town Officials.

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Municipal Employees Bargaining Organizations

<u>Employees</u>	<u>Union Representation</u>	<u>Employees Represented</u>	<u>Contract Expiration Date</u>
<u>GENERAL GOVERNMENT</u> (1)			
Dispatchers	Connecticut Organization for Public Safety	10	6/30/2017 (2)
Municipal	United Public Services Employees Union	23	6/30/2019
Police Department	United Public Services Employees Union	50	6/30/2017 (2)
Fire Department	United Public Services Employees Union	34	6/30/2019
Recreation & Custodian	United Public Services Employees Union	9	6/30/2019
Public Works	United Public Services Employees Union	20	6/30/2019
Treatment Plant	United Public Services Employees Union - Local #424, Unit #5	13	6/30/2020
Town Employees	AFSCME AFL-CIO #4	21	6/30/2020
Town Supervisors	AFSCME AFL-CIO #5	12	6/30/2017 (2)
	Total Organized	192	
	Non-Unionized	29	
	Sub-total General Government	221	
<u>BOARD OF EDUCATION</u> (3)			
Support Staff	Branford Association of Support Staff	34	6/30/2021
Administrators	Branford Administrators Organization	15	6/30/2021
Certified Teachers	Branford Education Association	281	6/30/2021
Nurses	AFSCME AFL-CIO # 4 Local 1303-365	9	6/30/2021
Custodians	AFSCME AFL-CIO # 4 Local 1303	35	6/30/2021
Paraprofessionals	UE Local 222, CILU/CIPU, CILU #88	139	6/30/2019
	Total Organized	513	
	Non-Unionized	21	
	Sub-total Board of Education	534	
Total Town Employees		755	

(1) Budgeted positions.

(2) In negotiations.

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

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 contracts, in assessing the financial capability of a municipal entity, there is an irrefutable presumption that a budget reserve of (i) 5% or less with respect to teachers' contracts, and (ii) 15% or less with respect to municipal employees, 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.

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SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

Year	Town of Branford	New Haven County	State of Connecticut
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
2016	28,084	860,874	3,588,570

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Age Characteristics of Population

	Town of Branford	New Haven County	State of Connecticut
Under 5 years of age	998	45,608	188,812
5 - 9 years of age	1,150	48,088	210,557
10 - 14 years of age	1,637	53,870	228,543
15 - 19 years of age	1,620	60,948	252,522
20 - 24 years of age	1,377	60,445	242,007
25 - 34 years of age	3,480	112,946	438,471
35 - 44 years of age	2,849	104,132	439,606
45 - 54 years of age	4,574	125,955	545,977
55 - 59 years of age	2,243	60,709	263,778
60 - 64 years of age	2,210	53,838	223,274
65 - 74 years of age	3,242	73,102	303,959
75 - 84 years of age	1,503	38,810	163,137
Over 85 years of age	1,201	22,423	87,927
Total	28,084	860,874	3,588,570

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Selected Wealth and Income Indicators

	Median Family Income		Per Capita Income	
	(2000)	(2016)	(2000)	(2016)
Town of Branford	\$ 69,510	\$ 93,369	\$ 32,301	\$ 44,298
New Haven County	60,549	82,940	24,439	33,706
Connecticut	65,521	91,274	28,766	39,906
United States	49,600	67,871	21,690	29,829

Source: U.S. Census Bureau, Census 2000 and American Community Survey, 2012-2016.

Income Distribution

	Town of Branford		New Haven County		State of Connecticut	
	Families	Percent	Families	Percent	Families	Percent
\$ -0- to 9,999	171	2.4	8,155	4.0	29,623	3.3
10,000 to 14,999	60	0.8	5,191	2.5	17,060	1.9
15,000 to 24,999	391	5.5	12,254	6.0	44,354	5.0
25,000 to 34,999	349	4.9	13,812	6.7	54,456	6.1
35,000 to 49,999	483	6.8	20,371	9.9	81,300	9.1
50,000 to 74,999	1,126	15.9	33,071	16.1	137,336	15.4
75,000 to 99,999	1,320	18.6	28,424	13.8	124,033	13.9
100,000 to 149,999	1,376	19.4	42,776	20.8	186,214	20.8
150,000 to 199,999	786	11.1	21,354	10.4	96,075	10.7
200,000 or more	1,040	14.6	20,010	9.7	123,962	13.9
Total	7,102	100.0	205,418	100.0	894,413	100.0

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

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	428	2.0	25,320	4.3	103,279	4.2
9th to 12th grade	898	4.2	36,850	6.2	139,653	5.7
High School Graduate	5,599	26.3	179,585	30.3	673,220	27.3
Some College	3,838	18.0	104,117	17.6	427,232	17.3
Associate Degree	1,544	7.2	43,086	7.3	184,426	7.5
Bachelor Degree	4,770	22.4	109,536	18.5	524,370	21.3
Graduate or Professional Degree	4,225	19.8	93,421	15.8	413,949	16.8
Total	21,302	100.0	591,915	100.0	2,466,129	100.0
Total high school graduate or higher (%)		93.8%		89.5%		90.1%
Total bachelor degree or higher (%)		42.2%		34.3%		38.0%

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Employment by Industry

Employment Sector	Town of Branford		New Haven County		State of Connecticut	
	Number	%	Number	%	Number	%
Agriculture, Forestry, Fishing, Hunting & Mining	15	0.1	1,016	0.2	7,209	0.4
Construction	705	4.7	22,098	5.2	101,497	5.7
Manufacturing	1,591	10.5	47,458	11.3	190,713	10.6
Wholesale Trade	359	2.4	11,579	2.7	45,110	2.5
Retail Trade	1,751	11.6	46,506	11.0	193,853	10.8
Transportation, Warehousing & Utilities	568	3.7	16,222	3.8	66,516	3.7
Information	552	3.6	9,960	2.4	42,374	2.4
Finance, Insurance & Real Estate	977	6.4	26,624	6.3	163,765	9.1
Professional, Scientific & Management	1,599	10.5	41,236	9.8	206,042	11.5
Educational Services & Health Care	4,566	30.1	131,281	31.1	474,976	26.5
Arts, Entertainment, Recreation & Food Services	1,261	8.3	32,933	7.8	153,754	8.6
Other Service (including nonprofit)	565	3.7	18,695	4.4	81,588	4.5
Public Administration	648	4.3	15,958	3.8	66,291	3.7
Total	15,157	100.0	421,566	100.0	1,793,688	100.0

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

Major Employers

Name of Employer	Nature of Entity	Estimated Number of Employees
Town of Branford	Municipality	755
Connecticut Hospice	Hospice	365
Branford Hills Health Care	Health Care	285
Wal-Mart	Retail Store	260
Blakeslee Prestress	Manufacturing	250
Stop & Shop	Retail Store	190
Cintas	Service	182
Harco Labs	Saeronautic Engineering	180
Kohl's	Retail Store	163
Big Y	Retail Store	157
CAS Medical	Manufacturing	139
Arconic Howmet	Manufacturing	95

Source: Town of Branford.

Unemployment Rate Statistics

Yearly Average	Town of Branford %	New Haven Labor Market %	State of Connecticut %	United States %
2008	4.9	5.8	5.6	5.8
2009	6.6	8.3	8.3	9.3
2010	7.5	9.3	9.1	9.6
2011	7.5	9.1	8.8	9.0
2012	7.3	8.5	8.3	8.1
2013	6.7	7.9	7.8	7.4
2014	5.6	6.8	6.6	6.2
2015	5.0	5.7	5.6	5.3
2016	4.5	5.1	5.1	4.9
2017	4.2	4.7	4.7	4.4
2018 Monthly				
January	4.9	5.2	5.3	4.5
February	4.5	5.1	5.1	4.4
March	4.0	4.6	4.7	4.1
April	3.6	4.1	4.3	3.7

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
2017	31	\$ 8,425,195	2	\$ 1,225,641	2,390	\$ 31,176,088	2,423	\$ 40,826,924
2016	30	11,870,651	1	3,605,615	2,482	25,873,502	2,513	41,349,768
2015	22	6,869,857	4	9,959,484	2,366	26,516,896	2,392	43,346,237
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

(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	292	3.5	6,105	3.0	24,343	2.7
50,000 to 99,999	191	2.3	9,759	4.8	29,703	3.3
100,000 to 149,999	392	4.7	22,789	11.2	81,158	9.0
150,000 to 199,999	1,234	14.8	35,555	17.5	139,979	15.5
200,000 to 299,999	2,222	26.7	58,650	28.8	246,071	27.3
300,000 to 499,999	2,546	30.6	52,596	25.8	233,345	25.9
500,000 to 999,999	1,135	13.6	15,610	7.7	104,952	11.7
1,000,000 and over	319	3.8	2,504	1.2	40,672	4.5
Total	8,331	100.0	203,568	100.0	900,223	100.0
Median Value	\$293,600		\$244,000		\$269,300	

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

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	2,751	20.1	94,697	26.1	334,202	22.4
1940 to 1949	765	5.6	26,003	7.2	105,566	7.1
1950 to 1959	1,679	12.2	54,533	15.0	225,824	15.1
1960 to 1969	1,577	11.5	45,359	12.5	201,812	13.5
1970 to 1979	2,199	16.0	47,516	13.1	200,614	13.4
1980 to 1989	2,875	21.0	44,663	12.3	190,755	12.8
1990 to 1999	1,029	7.5	26,304	7.3	113,584	7.6
2000 to 2009	589	4.3	20,163	5.6	104,308	7.0
2010 to 2013	164	1.2	2,822	0.8	14,673	1.0
2014 or later	89	0.6	437	0.1	2,460	0.2
Total housing units	13,717	100.0	362,497	100.0	1,493,798	100.0

Source: U. S. Census Bureau, American Community Survey, 2012-2016.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of August 7, 2018 (Pro Forma)

Total Receipts for fiscal year ended June 30, 2017	
(including interest and lien fees)	\$ 96,595,000
Coterminous Municipalities (1)	1,216,000
State Reimbursement for Revenue Loss on:	
Tax Relief for Elderly	4,000
Base for Establishing Debt Limit (Thousands)	<u>\$ 97,815,000</u>

Debt Limit (2)

	General Purpose	Schools	Sewers	Urban Renewal	Past Pension	Total Debt
(2.25 times base)	\$ 220,083,750					
(4.50 times base)		\$ 440,167,500				
(3.75 times base)			\$ 366,806,250			
(3.25 times base)				\$ 317,898,750		
(3.00 times base)					\$ 293,445,000	
(7.00 times base)						\$ 684,705,000

Indebtedness (Including the Bonds)

Bonds Payable	\$ 17,510,000	\$ 10,240,000	\$ 1,325,000	\$ -	\$ -	\$ 29,075,000
The Bonds (<i>This Issue</i>)	5,500,000	12,500,000	-	-	-	18,000,000
State of Connecticut Clean Water Fund Project Loan Obligation ("PLO") (3)	-	-	8,849,305	-	-	8,849,305
Authorized but Unissued Debt	14,229,416	71,651,106	100,000	-	-	85,980,522
Total Indebtedness	37,239,416	94,391,106	10,274,305	-	-	141,904,827
Less:						
Sewer assessments receivable (4)	-	-	(126,878)	-	-	(126,878)
School grants receivable (5)	-	(30,200,000)	-	-	-	(30,200,000)
Total Net Indebtedness	37,239,416	64,191,106	10,147,427	-	-	111,577,949
Excess of Limit Over Outstanding and Authorized Debt	<u>\$ 182,844,334</u>	<u>\$ 375,976,394</u>	<u>\$ 356,658,823</u>	<u>\$ 317,898,750</u>	<u>\$ 293,445,000</u>	<u>\$ 573,127,051</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 August 7, 2018, 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 \$684,705,000.
- (3) Under the State of Connecticut's Clean Water Fund Program, the Town has issued Project Loan Obligations dated March 31, 2003, March 1, 2007 and December 1, 2008 of which \$8,849,305 is currently outstanding. (See "Clean Water Fund" herein).
- (4) Estimated sewer assessment receivable as of June 30, 2018.
- (5) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$30,200,000 during the construction of the project. As of August 7, 2018, the Town has not received progress payments. (See "School Projects" herein).

Source: Town Officials

Calculation of Net Direct Indebtedness

As of August 7, 2018 (Pro Forma)

Long-Term Indebtedness (1)

Long Term Debt

The Bonds (<i>This Issue</i>)	\$ 18,000,000
General Purpose	17,510,000
Schools	10,240,000
Sewers	1,325,000
State of Connecticut CWF Project Loan Obligation	8,849,305

Total Long-Term Indebtedness

55,924,305

Short-Term Indebtedness

Notes Payable	-
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Total Direct Indebtedness

55,924,305

Exclusions:

(School building grants receivable)	-
(Sewer assessments receivable) (2)	(126,878)

Net Direct Indebtedness

\$ 55,797,427

(1) Does not include authorized but unissued debt of \$85,980,522. (See "Authorized but Unissued Debt" herein).

(2) Estimated as of June 30, 2018.

Source: Town Officials.

Current Debt Ratios

As of August 7, 2018 (Pro Forma)

Total Direct Indebtedness	\$ 55,924,305
Total Net Direct Indebtedness	\$ 55,797,427

Population (1)	28,084
Net Taxable Grand List (10/1/17)	\$ 3,569,991,255
Estimated Full Value	\$ 5,099,987,507
Equalized Net Taxable Grand List (2016) (2)	\$ 5,300,969,257
Per Capita Income (2016) (1)	\$ 44,298

Total Direct Indebtedness:

Per Capita	\$1,991.32
To Net Taxable Grand List	1.57%
To Estimated Full Value	1.10%
To Equalized Net Taxable Grand List	1.05%
Per Capita to Per Capita Income	4.50%

Total Net Direct Indebtedness:

Per Capita	\$1,986.80
To Net Taxable Grand List	1.56%
To Estimated Full Value	1.09%
To Equalized Net Taxable Grand List	1.05%
Per Capita to Per Capita Income	4.49%

(1) U. S. Census Bureau, American Community Survey, 2012-2016.

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

Historical Debt Statement

	2017-18 (1)	2016-17	2015-16	2014-15	2013-14
Population (2)	28,084	28,084	28,084	28,084	28,084
Net taxable grand list	\$ 3,537,873,236	\$ 3,505,790,076	\$ 3,485,684,401	\$ 3,511,071,799	\$ 3,488,675,562
Estimated full value	\$ 5,054,104,623	\$ 5,008,271,537	\$ 4,979,549,144	\$ 5,015,816,856	\$ 4,983,822,231
Equalized net taxable grand list (3)	\$ 5,300,969,257	\$ 5,185,659,055	\$ 4,981,495,540	\$ 4,973,991,562	\$ 5,030,865,923
Per capita income (2)	\$ 44,298	\$ 44,298	\$ 44,298	\$ 44,298	\$ 44,298
Short-term debt	\$ -	\$ 5,305,000	\$ -	\$ -	\$ 5,075,000
Long-term debt	\$ 38,086,597	\$ 29,988,115	\$ 37,001,892	\$ 43,956,023	\$ 43,250,314
Total Direct Indebtedness	\$ 38,086,597	\$ 35,293,115	\$ 37,001,892	\$ 43,956,023	\$ 48,325,314
Net Direct Indebtedness	\$ 37,959,719	\$ 35,115,084	\$ 36,520,104	\$ 43,333,816	\$ 47,302,623

(1) Unaudited estimates.

(2) U. S. Census Bureau, American Community Survey, 2012-2016.

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

Historical Debt Ratios

	2017-18 (1)	2016-17	2015-16	2014-15	2013-14
Total Direct Indebtedness:					
Per capita	\$1,356.17	\$1,256.70	\$1,317.54	\$1,565.16	\$1,720.74
To net taxable grand list	1.08%	1.01%	1.06%	1.25%	1.39%
To estimated full value	0.75%	0.70%	0.74%	0.88%	0.97%
To equalized net taxable grand list	0.72%	0.68%	0.74%	0.88%	0.96%
Debt per capita to per capita income	3.06%	2.84%	2.97%	3.53%	3.88%
Net Direct Indebtedness:					
Per capita	\$1,351.65	\$1,250.36	\$1,300.39	\$1,543.01	\$1,684.33
To net taxable grand list	1.07%	1.00%	1.05%	1.23%	1.36%
To estimated full value	0.75%	0.70%	0.73%	0.86%	0.95%
To equalized net taxable grand list	0.72%	0.68%	0.73%	0.87%	0.94%
Debt per capita to per capita income	3.05%	2.82%	2.94%	3.48%	3.80%

(1) Unaudited estimates.

Outstanding Short-Term Indebtedness

The Town will have no outstanding short-term indebtedness as of August 7, 2018.

Capital Leases

The Town has no outstanding Lease Agreements as of August 7, 2018.

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 August 7, 2018. (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 August 7, 2018
CWF PLO 358-C	\$ 20,929,997	\$ 4,647,312
CWF PLO 138-CSL	6,163,287	2,922,395
CWF PLO 139-CSL	2,500,898	1,279,598
	<u>\$ 29,594,182</u>	<u>\$ 8,849,305</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 1/20th (1/30th for sewer projects and certain school 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 1/15th 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. Under the current program, the State will make proportional progress payments for eligible construction costs during construction.

Project	Amount of Total Authorization	Estimated Eligible Cost For Reimbursement	Reimbursement Rate (%)	Estimated Grant (1)
Walsh Intermediate School Project	\$ 88,200,000	\$ 85,407,240	35.36	\$ 30,200,000

Authorized but Unissued Debt

Projects	Original Amount Authorized	Revised Amount Authorized	Prior Financings	BANs Outstanding	Paydowns/ Grants	The Bonds (This Issue)	Authorized But Unissued	
School Ground Road Bridge	\$ 2,250,000	\$ 4,975,000	\$ 988,875	\$ -	\$ 3,256,709	\$ -	\$ 729,416	(1)
Town Capital Improvements (2013)	1,020,000	1,020,000	695,000	-	-	65,000	260,000	
Board of Education Capital Projects (2015)	1,550,000	1,625,000	1,573,894	-	-	-	51,106	
Community Center Renovations Project	500,000	12,115,000	2,990,000	-	-	5,435,000	3,690,000	
Pump Station Renovations	2,500,000	2,500,000	2,400,000	-	-	-	100,000	
Main Street Gateway	3,300,000	3,300,000	275,000	-	-	-	3,025,000	(2)
Linden Avenue Stabilization	1,220,000	1,220,000	275,000	-	-	-	945,000	(3)
Walsh Intermediate School Project	88,200,000	88,200,000	4,100,000	-	-	12,500,000	71,600,000	(4)
Energy Conservation Project	6,000,000	6,000,000	4,870,000	-	865,000	-	265,000	(5)
Restroom Traylor	100,000	100,000	30,000	-	-	-	70,000	
Blackstone Library	5,245,000	5,245,000	-	-	-	-	5,245,000	(6)
Total	\$ 111,885,000	\$ 126,300,000	\$ 18,197,769	\$ -	\$ 4,121,709	\$ 18,000,000	\$ 85,980,522	

(1) Expected to be paid from State grants.

(2) \$3,000,000 of State grants expected.

(3) \$915,000 of State grants expected.

(4) It is estimated that the Town will receive State of Connecticut School Construction grant progress payments in the amount of \$30,200,000 during the construction of the project. As of August 7, 2018, the Town has not received progress payments. (See "School Projects" herein).

(5) Expected to be funded with a zero percent interest energy program loan.

(6) \$1,000,000 of State grants and \$800,000 of private donations expected.

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Combined Schedule of Long Term Debt through Maturity

As of August 7, 2018 (Pro Forma)

Fiscal Year	Principal Payments (1)	Interest Payments	Total Debt Service (1)	The Bonds Principal	All Issues Principal (1)
2019 (1)	\$ 6,611,624	\$ 1,117,609	\$ 7,729,233	\$ -	\$ 6,611,624
2020	5,487,337	927,621	6,414,958	950,000	6,437,337
2021	5,483,670	737,663	6,221,333	950,000	6,433,670
2022	5,615,635	545,448	6,161,083	950,000	6,565,635
2023	3,869,855	352,177	4,222,032	950,000	4,819,855
2024	1,489,659	249,522	1,739,181	950,000	2,439,659
2025	1,499,542	199,639	1,699,181	950,000	2,449,542
2026	1,509,625	159,556	1,669,181	950,000	2,459,625
2027	1,394,883	129,581	1,524,464	950,000	2,344,883
2028	1,074,767	105,062	1,179,829	950,000	2,024,767
2029	1,000,000	84,625	1,084,625	950,000	1,950,000
2030	900,000	64,500	964,500	950,000	1,850,000
2031	900,000	43,688	943,688	950,000	1,850,000
2032	900,000	21,750	921,750	950,000	1,850,000
2033	350,000	5,250	355,250	950,000	1,300,000
2034	-	-	-	950,000	950,000
2035	-	-	-	950,000	950,000
2036	-	-	-	950,000	950,000
2037	-	-	-	950,000	950,000
2038	-	-	-	450,000	450,000
2039	-	-	-	450,000	450,000
	<u>\$ 38,086,597</u>	<u>\$ 4,743,691</u>	<u>\$ 42,830,288</u>	<u>\$ 18,000,000</u>	<u>\$ 56,086,597</u>

(1) Does not reflect fiscal year 2018-19 principal payments of \$162,292 made as of August 7, 2018.

Source: Town of Branford.

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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, 2017, 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.

The Town's budget process must also anticipate the impact of the State's budget which proceeds simultaneously with the Town's.

Section 4-66l(h) (the "Act"), as amended, reduces a municipality's revenue sharing grant if its general budget expenditures (as modified by the Act) in any fiscal year exceeds a threshold set forth in the Act. As a result of utilizing modified budget growth to reduce a municipality's revenue sharing grant the Act is sometimes popularly referred to as imposing a "spending cap". Beginning in fiscal year 2018, the Office of Policy and Management ("OPM") must reduce the municipal revenue sharing grant amount for those municipalities whose spending, with certain exceptions, exceeds the spending limits specified in the Act. Each fiscal year, OPM must determine the municipality's percentage growth in spending over the prior fiscal year and reduce the grant if the growth rate is equal to or greater than 2.5% or the inflation rate, whichever is greater. The reduction is generally equal to 50 cents for every dollar the municipality spends over this cap.

The Act requires that each municipality annually certify to the Secretary of OPM whether the municipality exceeded the spending cap and if so, the amount over the cap.

Under the Act, municipal spending does not include expenditures: (1) for debt service, special education, costs to implement court orders or arbitration awards, budgeting for an audited deficit, nonrecurring grants, capital expenditures of \$100,000 or more, or payments on unfunded pension liabilities; (2) associated with a major disaster or emergency declaration by the President or disaster emergency declaration issued by the Governor under the civil preparedness law; or (3) for any municipal revenue sharing grant the municipality disburses to a special taxing district, up to the difference between the amount of property taxes the district levied on motor vehicles in the 2013 assessment year and the amount the levy would have been had the motor vehicle mill rate been 32 mills, for FY 17 disbursements, or 29.63 mills, for FY 18 disbursements and thereafter. In addition, if budget expenditures exceed the 2.5% cap, but are proportional to population growth from the previous year, the municipal revenue sharing grant will not be reduced.

For fiscal years ending June 20, 2020 and each year thereafter, each municipal revenue sharing grant is proportionately reduced if amounts in the revenue sharing account are insufficient to fund all the revenue sharing grants.

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 41, "Notes to General Purpose 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, 2017 and the Total Pension Liability is based on the actuarial assumptions as of the prior valuation date updated to July 1, 2015. The date of the Town's most recent actuarial valuation was July 1, 2017.

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

Police Employees Pension Plan				
	2017	2016	2015	2014
Total pension liability	\$ 30,789,493	\$ 29,788,646	\$ 28,431,052	\$ 27,324,864
Plan fiduciary net position	22,451,018	21,379,414	21,602,660	21,763,547
Net pension liability	<u>\$ 8,338,475</u>	<u>\$ 8,409,232</u>	<u>\$ 6,828,392</u>	<u>\$ 5,561,317</u>
Plan fiduciary net position as a % of total pension liability	72.9%	71.8%	76.0%	79.6%
Volunteer Fire Department Pension Plan				
	2017	2016	2015	2014
Total pension liability	\$ 1,286,599	\$ 1,203,868	\$ 1,148,060	N/A
Plan fiduciary net position	936,327	826,379	518,665	N/A
Net pension liability	<u>\$ 350,272</u>	<u>\$ 377,489</u>	<u>\$ 629,395</u>	<u>N/A</u>
Plan fiduciary net position as a % of total pension liability	72.8%	68.6%	45.2%	

The following represents the net pension liability of the Town, calculated using the discount rate of 7.0% and 6.75% for the Police Employees and Volunteer Fire, respectively, 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 5.75%) or 1 percentage point higher (8.0% or 7.75%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Plan Net Position - Police Employees	\$ 12,019,277	\$ 8,338,475	\$ 5,250,848

	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Plan Net Position - Volunteer Fire	\$ 566,384	\$ 350,272	\$ 174,984

Based upon a July 1, 2017 actuarial valuation, the actuarial value of assets and actuarial liabilities for the PERS plan were as follows:

Schedule of Funding Progress – Police Employees

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
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%
2015	22,410,598	28,755,887	6,345,289	77.93%
2017	23,628,522	33,549,471	9,920,949	70.43%

Schedule of Funding Progress – Volunteer Fire

Actuarial Valuation July 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)
2013	\$ 424,557	\$ 865,542	\$ 440,985	49.05%
2015	540,595	1,120,645	580,050	48.24%
2017	954,218	1,256,486	302,268	75.94%

Schedule of Employer Contributions – Police Employees

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
2015	\$ 897,106	\$ 898,000	100.1%
2016	897,106	910,500	101.5%
2017	911,226	914,742	100.4%
2018 (1)	911,226	983,119	107.9%
2019 (1)	1,056,060	1,080,060	102.3%

(1) Fiscal years 2017-18 and 2018-19 adopted budgets.

Schedule of Employer Contributions – Volunteer Fire

Year Ended June 30	Actuarially Determined Contribution	Actual Contribution	Percentage Contributed
2015	\$ 66,924	\$ 68,000	101.6%
2016	66,924	348,000	520.0%
2017	86,184	86,000	99.8%
2018 (1)	86,184	87,000	100.9%
2019 (1)	59,050	87,000	147.3%

(1) Fiscal years 2017-18 and 2018-19 adopted budgets.

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, 2017, 2016 and 2015 were \$2,254,928, \$2,233,161 and \$2,284,715, 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. 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.

For fiscal year 2016-17, the Town and Board of Education implemented Government Accounting Standards Board's ("GASB") Statement No. 74. In accordance with GASB Statement No. 74, the net position is based on the fair market value as of the end of the fiscal year and the total OPEB liability is based on the actuarial assumptions as of the prior valuation date updated to the end of the fiscal year. The components of the net OPEB liability of the Town and Board of Education as of June 30, 2017 were as follows:

	<u>2017</u>
Total OPEB liability	\$ 28,783,224
Plan fiduciary net position	<u>14,231,839</u>
Net pension liability	<u>\$ 14,551,385</u>
Plan fiduciary net position as a % of total pension liability	49.44%

The following represents the net OPEB liability of the Town and Board of Education, calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

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

As of July 1, 2016, the most recent actuarial valuation date, the plan for Town and Board of Education employees was 44.1% funded. The actuarial accrued liability for benefits was approximately \$27,035,934 and the actuarial value of assets was \$11,934,160, resulting in an unfunded actuarial accrued liability ("UAAL") of approximately \$15,101,774.

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%
7/1/2016	11,934,160	27,035,934	15,101,774	44.1%

Schedule of Employer Contributions

Year Ended June 30	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2015	\$ 1,835,900	\$ 1,808,729	98.5%
2016	1,847,914	1,560,182	84.4%
2017	1,907,215	2,216,607	116.2%
2018 (1)	2,016,067	2,016,067	100.0%
2019 (1)	2,048,581	2,048,581	100.0%

(1) Fiscal years 2017-18 and 2018-19 adopted budgets.

For further details, see Appendix A, page 55, "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.

Motor Vehicle Property Taxes

Section 12-71e of the General Statutes allows municipalities to tax motor vehicles at a different rate than other taxable property but caps the motor vehicle tax rate at (1) 39.00 mills for the 2016 assessment year (fiscal year beginning July 1, 2017 and ending June 30, 2018) or (2) 45 mills for the assessment year commencing October 1, 2017 and each assessment year thereafter. Section 4-66l establishes the municipal revenue sharing account which provides that sales tax revenue diverted to the fund shall mitigate the revenue loss attributed to the motor vehicle property tax cap.

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 6/30/2017
2019 (1)	\$ 3,569,991,255	28.64	\$ 100,815,169	N/A	N/A	N/A
2018 (2)	3,537,873,236	28.47	100,427,161	98.4	\$ 1,615,154	\$ 1,615,154
2017	3,505,790,076	27.41	96,604,655	98.3	1,632,574	1,632,574
2016*	3,485,684,401	26.93	94,341,895	98.5	1,452,871	887,086
2015	3,511,071,799	26.24	92,508,065	98.5	1,381,016	579,709
2014	3,488,675,562	25.59	89,402,779	98.5	1,339,291	359,834
2013	3,466,384,192	24.95	84,399,665	98.3	1,227,068	175,150
2012	3,446,825,087	24.27	83,707,138	98.3	1,447,958	104,608
2011*	3,432,551,052	23.57	80,799,955	98.4	1,297,137	75,111
2010	3,326,538,299	23.58	78,567,255	99.3	1,363,883	67,842

(1) Fiscal year 2018-19 adopted budget.

(2) Unaudited estimates.

* Indicates years of revaluations.

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

Taxable Grand List

		(%)						
Grand List	(%)	Industrial &		(%)	(%)	Gross Taxable	Less	Net Taxable
Dated	Residential	Commercial	(%)	Motor	Personal	Grand List	Exemptions	Grand List
	Property	Property	Land	Vehicles	Property			
10/01/17	74.0	13.3	0.5	6.8	5.4	\$ 3,603,129,331	\$ 33,138,076	\$ 3,569,991,255
10/01/16	75.8	13.6	0.5	6.8	5.1	3,566,371,702	28,498,466	3,537,873,236
10/01/15	73.4	13.4	0.5	6.6	4.7	3,534,071,689	28,281,613	3,505,790,076
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

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

Source: Assessor's office, Town of Branford.

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Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2017:

Name of Taxpayer	Nature of Property	Grand List Amount
Vigliotti Alex Etals	Residential / Commercial	\$ 44,434,980
Eversource	Utility	40,057,750
UIL Holdings	Utility	16,963,880
Kiop Branford LLC	Shopping Plaza	15,830,990
Business Park Realty & C. Weber, Jr. Etals	Commercial and Industrial	15,773,910
Albany Road Branford I LLC	Industrial and R&D	15,284,770
Rogers Island LLC / Etals	Residential Real Estate	14,768,800
Nationwide Health Properties	Assisted Living	9,607,980
SHM Bruce & Johnsons LLC	Marinas	9,201,960
Sabra Health Care Northeast LLC	Assisted Living	8,589,800
Total		<u>\$ 190,514,820</u> (1)

(1) Represents 5.34% of the net taxable grand list of \$3,569,991,255 dated October 1, 2017.

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 2018-19 on personal and real property assessed at \$12,218,885 amounting to \$349,949. 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 2013-2017 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
2019 (Adopted Budget)	\$ 112,080,371	\$ 100,815,169	89.9
2018 (Unaudited Estimates)	110,241,956	101,080,694	91.7
2017	117,075,713	96,604,984	82.5
2016	108,909,565	94,484,140	86.8
2015	106,885,659	93,137,810	87.1
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

Source: Annual audited financial statements, adopted budget for fiscal year 2018-19 and unaudited estimates for fiscal year 2017-18. Fiscal years 2017-18 and 2018-19 do not include on-behalf payments for state teachers' retirement.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Intergovernmental</u>	<u>Aid As a % of General Fund Revenue</u>
2019 (Adopted Budget)	\$ 112,080,371	\$ 2,405,113	2.1
2018 (Unaudited Estimates)	110,241,956	2,642,787	2.4
2017	117,075,713	13,980,773	11.9
2016	108,909,565	8,854,178	8.1
2015	106,885,659	8,421,875	7.9
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

Source: Annual audited financial statements, adopted budget for fiscal year 2018-19 and unaudited estimates for fiscal year 2017-18. Fiscal years 2017-18 and 2018-19 do not include on-behalf payments for state teachers' retirement.

Expenditures

<u>Fiscal Year</u>	<u>Education %</u>	<u>Pension & Insurance %</u>	<u>Public Safety %</u>	<u>Debt Service %</u>	<u>Public Works %</u>	<u>General Government %</u>
2019 (Adopted Budget)	51.9	12.6	11.8	7.6	6.1	4.7
2018 (Unaudited Estimates)	52.3	13.6	11.6	7.9	5.3	4.7
2017	58.8	11.4	10.8	7.3	4.5	4.3
2016	56.2	13.2	11.0	7.6	4.7	4.3
2015	57.0	11.7	11.1	6.5	4.9	4.5
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

Source: Annual audited financial statements, adopted budget for fiscal year 2018-19 and unaudited estimates for fiscal year 2017-18. Fiscal years 2017-18 and 2018-19 do not include on-behalf payments for state teachers' retirement.

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

	Fiscal Year 2016-17			2017-18	2018-19
	Final Budget	Actual Operations	Variance Favorable (Unfavorable)	Estimated Actuals	Adopted Budget
REVENUES					
Property taxes	\$ 94,889,816	\$ 96,604,984	\$ 1,715,168	\$ 101,080,694	\$ 100,815,169
Intergovernmental revenue	2,972,481	3,406,172	433,691	2,642,787	2,405,113
Interest income	85,000	291,629	206,629	415,000	235,000
Licenses, permits and fees	3,443,815	4,007,159	563,344	5,454,661	4,110,675
Fund balance brought forward	-	-	-	-	2,825,000
Other	1,156,000	1,445,382	289,382	-	1,040,600
TOTAL REVENUES	102,547,112	105,755,326	3,208,214	109,593,142	111,431,557
EXPENDITURES					
Current:					
General government	5,258,081	4,695,719	562,362	5,045,433	5,190,475
Public safety	12,244,433	11,864,324	380,109	12,375,455	12,872,378
Public works	5,258,677	4,843,073	415,604	5,675,935	6,614,474
Recreation	1,180,084	1,146,537	33,547	1,197,770	1,232,776
Libraries	1,546,751	1,537,789	8,962	1,620,353	1,644,418
Health and welfare	613,771	596,196	17,575	1,657,402	1,678,093
Education	54,107,711	54,014,994	92,717	55,734,386	56,779,223
Pension and insurance	12,972,746	12,518,448	454,298	14,535,364	13,738,413
Contingency	237,026	-	237,026	350,000	1,274,216
Debt service	8,063,691	8,039,013	24,678	8,403,060	8,274,973
TOTAL EXPENDITURES	101,482,971	99,256,093	2,226,878	106,595,158	109,299,439
Excess (deficiency) of revenues over expenditures	1,064,141	6,499,233	5,435,092	2,997,984	2,132,118
Other financing sources (uses):					
Operating transfers in	751,713	751,714	1	648,814	648,814
Operating transfers out:					
Special revenue fund	(1,840,924)	(1,840,924)	-	-	(233,000)
Capital projects fund	(2,799,930)	(2,799,930)	-	(3,440,943)	(2,547,932)
Total other financing sources (uses)	(3,889,141)	(3,889,140)	1	(2,792,129)	(2,132,118)
Excess of Revenues and other financing sources over expenditures and other financing uses	\$ (2,825,000)	\$ 2,610,093	\$ 5,435,093	\$ 205,855	\$ -

Source: Annual audited financial statements, fiscal year 2016-17, unaudited estimates for fiscal year 2017-18 and adopted budget for fiscal year 2018-19.

Balance Sheet – General Fund

	2013	2014	2015	2016	2017
ASSETS					
Cash and cash equivalents	\$ 26,138,046	\$ 27,542,345	\$ 35,811,869	\$ 31,397,294	\$ 32,834,577
Investments	3,282,467	5,178,205	4,988,360	7,742,264	8,034,591
Receivables, net	6,984,607	5,314,561	5,101,301	5,103,004	5,880,248
Due from other funds	188,890	-	-	-	-
Other assets	29,562	31,200	-	16,297	16,571
TOTAL ASSETS	\$ 36,623,572	\$ 38,066,311	\$ 45,901,530	\$ 44,258,859	\$ 46,765,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,308,860	\$ 3,197,744	\$ 3,417,701	\$ 2,542,059	\$ 2,282,764
Due to other funds	2,862,268	2,387,500	5,139,195	5,519,009	2,985,724
Unearned revenue	8,331,597	856,365	1,018,617	727,605	779,747
Other	482,701	111,815	106,567	149,763	142,313
Total Liabilities	14,985,426	6,553,424	9,682,080	8,938,436	6,190,548
Deferred Inflows of Resources:					
Unavailable revenue:					
Property taxes	-	2,447,684	2,356,212	2,869,073	3,403,197
Interest on property taxes	-	1,110,414	1,092,820	1,183,780	1,445,997
School building grants	-	426,787	110,548	61,443	19,111
Advance property tax collections	-	4,560,316	7,916,910	6,588,263	8,371,160
Total deferred inflows of resources	-	8,545,201	11,476,490	10,702,559	13,239,465
Fund Balances:					
Nonspendable	29,562	31,200	17,227	16,297	16,571
Committed	851,282	69,252	65,523	64,517	80,447
Assigned	3,284,951	3,542,725	3,177,321	3,250,167	6,921,026
Unassigned	17,472,351	19,324,509	21,500,116	21,286,883	20,317,930
Total fund balances	21,638,146	22,967,686	24,760,187	24,617,864	27,335,974
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 36,623,572	\$ 38,066,311	\$ 45,918,757	\$ 44,258,859	\$ 46,765,987

Source: Annual audited financial statements.

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

	2013	2014	2015	2016	2017
REVENUES					
Property taxes	\$ 87,473,879	\$ 89,374,443	\$ 93,137,810	\$ 94,484,140	\$ 96,604,984
Intergovernmental	9,900,481	10,244,386	8,421,875	8,854,178	13,980,773
Charges for services	4,201,947	4,114,823	3,902,827	3,859,805	4,007,159
Interest on investments	124,624	97,851	96,538	160,784	291,774
Miscellaneous	2,194,566	1,264,083	1,326,609	1,550,658	1,439,309
TOTAL REVENUES	103,895,497	105,095,586	106,885,659	108,909,565	116,323,999
EXPENDITURES					
General government	4,771,186	4,331,402	4,577,804	4,535,547	4,691,073
Public safety	10,793,075	10,823,894	11,194,526	11,606,349	11,851,797
Public works and highway	4,971,127	4,982,732	4,887,447	4,974,626	4,930,119
Health and human services	1,798,016	1,820,338	1,878,460	577,517	598,413
Parks, recreation and libraries	2,285,126	2,364,736	2,417,157	2,551,438	2,677,908
Pension and insurance	10,802,375	11,040,816	11,799,871	13,878,697	12,518,448
Education	56,100,841	57,742,288	57,416,360	59,226,125	64,679,977
Debt service	7,257,251	7,310,265	6,553,266	8,018,795	8,039,014
TOTAL EXPENDITURES	98,778,997	100,416,471	100,724,891	105,369,094	109,986,749
Excess (deficiency) of revenues over expenditures	5,116,500	4,679,115	6,160,768	3,540,471	6,337,250
Other financing sources (uses)					
Operating transfers in	482,264	483,822	524,481	597,452	751,714
Operating transfers (out)	(3,301,057)	(3,833,397)	(5,412,406)	(4,280,246)	(4,370,854)
Bond premiums	-	-	354,480	-	-
Refunding bond premiums	-	-	2,083,783	-	-
Issuance of refunding bonds	-	-	19,655,000	-	-
Payment to escrow agent	-	-	(21,573,605)	-	-
Total other financing sources (uses)	(2,818,793)	(3,349,575)	(4,368,267)	(3,682,794)	(3,619,140)
Net change in fund balances	2,297,707	1,329,540	1,792,501	(142,323)	2,718,110
Fund Balance - July 1	19,340,439	21,638,146	22,967,686	24,760,187	24,617,864
Fund Balance - June 30	\$ 21,638,146	\$ 22,967,686	\$ 24,760,187	\$ 24,617,864	\$ 27,335,974

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 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 S&P Global Ratings 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 undertakings under such agreements.

Municipal Advisor

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as municipal 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 purchaser 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. The Town will provide the winning bidder of the Bonds 50 copies of the Official Statement, as prepared for this issue at the Town's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by a winning bidder at its own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidders by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

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 Municipal 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
Town Treasurer

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

Dated: July 24, 2018

APPENDIX A - FINANCIAL STATEMENTS

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of Branford for the Fiscal Year ending June 30, 2017 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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A-3 through A-9, the budgetary comparison information on pages A-61 through A-66 and the pension and OPEB schedules on pages A-67 through A-78 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
February 22, 2018

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

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2017. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

- Net position of our governmental activities increased by \$9,088.
- During the year, the Town had expenses that were \$9,088 less than the \$128,442 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$119,354 with no major programs added this year. The General Fund reported a fund balance this year of \$27,336.
- The resources available for appropriation were \$3,208 more than budgeted for the General Fund. Expenditures were \$2,227 less than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town's combined net position increased from a year ago, increasing from \$144,436 to \$153,524. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental activities.

TABLE 1
NET POSITION

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

The Town experienced an increase in net position of its governmental activities of 6.3% as compared to the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$52,939 at June 30, 2016 to \$57,789 at the end of this year.

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

TABLE 2
CHANGE IN NET POSITION

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

The Town's total revenues were \$128,442 while the cost of all programs and services totaled \$119,354. Our analysis, which follows, considers the operations of governmental activities.

Governmental Activities

The largest single component of governmental activity is the General Fund. Total revenues were \$3,208 higher than budgeted. Of this amount, \$1,715 resulted from strong current and delinquent property tax collections from prior levies that include interest and penalties. Taxes on the current levy exceeded the budget by \$1,527. Prudent estimates of other state assistance programs resulted in a positive balance for intergovernmental revenue. In addition, revenues from licenses, permits and fees exceeded the budget by \$563 primarily due to real estate conveyance fees and ambulance revenue. Rising rates on investments drove interest income to exceed estimates by \$207. Other income exceeded the budget by \$289 primarily due to better than anticipated results from employee insurance co-pays.

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

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General government	\$ 6,380	\$ 5,874	\$ 4,260	\$ 3,519
Public safety	20,684	19,238	17,249	16,196
Public works and highway	13,645	13,887	8,680	8,274
Parks, recreation and libraries	4,308	3,927	3,593	525
Health and human services	3,317	3,498	2,012	1,979
Education	70,432	65,756	53,922	52,377
Interest and debt service	588	722	585	717
Total	<u>\$ 119,354</u>	<u>\$ 112,902</u>	<u>\$ 90,301</u>	<u>\$ 83,587</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 \$46,973, which is a slight decrease from last year's total of \$47,714. The primary reason for the decrease is the increase in assigned fund balance. (See Economic factors and Next Year's Budget and Rates).

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$103,897. Unexpended appropriations in general government, public safety, public works, and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$2,227. Revenues were \$3,208 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates and receipt of non-recurring revenue items.

The Town's General Fund balance of \$27,336 reported on Exhibit IV is comprised of four categories: Non-spendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Town had \$131,147 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$1,067 or 0.8%, over last year. This increase primarily reflects the capitalization of School Ground Road Bridge whose value exceeded the combined reductions associated with depreciation and asset dispositions.

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

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

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

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

Long-Term Debt

At June 30, 2017, the Town had \$29,988 in bonds and notes outstanding versus \$37,002 last year - a decrease of \$7,014 or approximately 18.9%. The Town anticipates increasing the long term debt in future years to finance a public works garage, school renovations, pump station improvements and a community center.

The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$685 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when adopting the fiscal year 2017-2018 budget and corresponding tax rates. Cognizant of the severe fiscal challenges at the state capital, the Board of Finance adopted a budget based on the Governor's funding proposal of May 15, 2017. The proposal included reductions in funding for Education Cost Sharing, grants for municipal projects and a transfer to the Town of 1/3 of the teachers' annual pension cost. The Board of Finance sought to insulate the taxpayer from this proposal by appropriating \$6,425,000 from the Town's undesignated fund balance.

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

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

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

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

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

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

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 46,972,615
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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	\$ 261,558,639	
Less accumulated depreciation	<u>(130,412,171)</u>	
Net capital assets		131,146,468

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

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

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

15,871,058

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

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

Net Position of Governmental Activities (Exhibit I)	<u>\$ 153,523,533</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, 2017

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 96,604,984	\$	\$	\$	\$ 96,604,984
Assessments and interest			190,757	2,632,840	2,823,597
Intergovernmental	13,980,773	99,801		4,878,595	18,959,169
Charges for services	4,007,159			2,719,184	6,726,343
Income on investments	291,774	2,659	3,568	47,743	345,744
Miscellaneous	1,439,309	116,731		869,612	2,425,652
Total revenues	<u>116,323,999</u>	<u>219,191</u>	<u>194,325</u>	<u>11,147,974</u>	<u>127,885,489</u>
Expenditures:					
Current:					
General government	4,691,073			35,100	4,726,173
Public safety	11,851,797			486,452	12,338,249
Public works and highway	4,930,119		3,886	3,471,113	8,405,118
Parks, recreation and libraries	2,677,908	49,805		430,356	3,158,069
Health and human services	598,413			2,098,093	2,696,506
Education	64,679,977			4,102,513	68,782,490
Pension and insurance	12,518,448				12,518,448
Capital outlay		7,962,917			7,962,917
Debt service	8,039,014				8,039,014
Total expenditures	<u>109,986,749</u>	<u>8,012,722</u>	<u>3,886</u>	<u>10,623,627</u>	<u>128,626,984</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,337,250</u>	<u>(7,793,531)</u>	<u>190,439</u>	<u>524,347</u>	<u>(741,495)</u>
Other Financing Sources (Uses):					
Transfers in	751,714	2,974,930		1,840,924	5,567,568
Transfers out	<u>(4,370,854)</u>	<u>(143,641)</u>		<u>(1,053,073)</u>	<u>(5,567,568)</u>
Total other financing sources (uses)	<u>(3,619,140)</u>	<u>2,831,289</u>	<u>-</u>	<u>787,851</u>	<u>-</u>
Net Change in Fund Balances	2,718,110	(4,962,242)	190,439	1,312,198	(741,495)
Fund Balances at Beginning of Year	<u>24,617,864</u>	<u>13,668,527</u>	<u>2,575,131</u>	<u>6,852,588</u>	<u>47,714,110</u>
Fund Balances at End of Year	<u>\$ 27,335,974</u>	<u>\$ 8,706,285</u>	<u>\$ 2,765,570</u>	<u>\$ 8,164,786</u>	<u>\$ 46,972,615</u>

(Continued on next page)

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

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

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ (741,495)

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

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

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

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (113,021)

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

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

Change in pension and OPEB assets and liabilities:

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

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

Bond and note principal payments	7,013,777
Capital lease payments	103,294

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

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

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

723,269

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

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

	Governmental Activities
	Internal Service Funds
Operating Revenues:	
Contributions for benefits	\$ 15,413,977
Other	435,214
Total contributions	<u>15,849,191</u>
Operating Expenses:	
Benefit claims	13,484,020
Claims administration	1,673,033
Total operating expenses	<u>15,157,053</u>
Operating Income	692,138
Nonoperating Revenue:	
Income on investments	<u>31,131</u>
Change in Net Position	723,269
Net Position at Beginning of Year	<u>15,147,789</u>
Net Position at End of Year	<u>\$ 15,871,058</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, 2017**

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

The accompanying notes are an integral part of the financial statements

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

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

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Net OPEB Asset

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

L. Net Pension Liability

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

M. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

N. Accounting Estimates

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

Deposits

Deposit Custodial Credit Risk

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

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

Uninsured and uncollateralized	\$ 12,299,168
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name, and amounts held by third-party banks in the Town's name	<u>29,111,999</u>
Total Amount Subject to Custodial Credit Risk	\$ <u>41,411,167</u>

Cash Equivalents

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

	<u>Standard & Poor's</u>
State Short-Term Investment Fund (STIF)	AAAm

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Investments

As of June 30, 2017, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 4,859,153	\$ 136,057	\$ 4,090,156	\$ 632,940
Other debt securities	AAA	1,557,211	3,817	636,746	916,648
Municipal bonds	AA	523,437		523,437	
Corporate bonds	A-AAA	7,022,620	792,573	5,454,928	775,119
Corporate bonds	B-BBB-	97,819		97,819	
Corporate bonds	Not-rated	5,136		5,136	
Certificates of deposit*	N/A	8,587,979	5,126,969	3,461,010	
Subtotal			<u>\$ 6,059,416</u>	<u>\$ 14,269,232</u>	<u>\$ 2,324,707</u>
Other investments:					
Common stock	N/A	597,928			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	<u>21,022,657</u>			
Total		<u>\$ 44,273,940</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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

Interest Rate Risk

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

Credit Risk - Investments

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

4. RECEIVABLES

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

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

5. CAPITAL ASSETS

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Active Capital Projects

The Town has active projects as of June 30, 2017. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
WIS Roof & Window Replacement	\$ 1,961,133	\$ 1,961,133	\$	-
Tabor Drive Acquisition	13,875,000	13,844,478		30,522
Fire Headquarters	12,500,000	12,489,278		10,722
Radio Control System Upgrade	1,650,000	1,634,711		15,289
BOE Roofs	699,870	699,870		-
School Ground Road Bridge	4,975,000	4,198,523		776,477
Land Acquisition Fund	1,110,276	1,101,517		8,759
Transfer Station Overhead Doors	200,535	171,562	28,973	-
Pump Station Upgrades	180,000	180,000		-
Pump Station Upgrades	2,500,000	1,851,768	146,276	501,956
Harbor Street Culvert Repairs	1,565,000	83,317	11,022	1,470,661
Stony Creek Dredging	150,000	14,577		135,423
Community Center Improvements	12,115,000	664,236	279,699	11,171,065
Branford Hills Demolition	300,000	294,330	2,500	3,170
BHS Track and Field Improvements	900,000	804,455	92,558	2,987
Branford High School Roof	360,000	79,000		281,000
BOE Bathroom Renovations	150,000	90,983		59,017
Walsh Intermediate School Renovations	88,200,000	2,056,982	2,905,029	83,237,989
Linden Avenue Shoreline Stabilization	1,200,000	21,619	106,781	1,071,600

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

Interfund transfers:

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

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 6,901,519	\$ 817,439	\$ 7,718,958
2019	5,061,624	675,984	5,737,608
2020	4,387,337	539,356	4,926,693
2021	4,383,670	393,038	4,776,708
2022	4,515,635	244,823	4,760,458
2023-2027	4,663,563	175,350	4,838,913
2028	<u>74,767</u>	<u>437</u>	<u>75,204</u>
Total	\$ <u>29,988,115</u>	\$ <u>2,846,427</u>	\$ <u>32,834,542</u>

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Bond Anticipation Notes

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

Category	(In Thousands)		
	Debt Limit	Indebtedness*	Balance
General purpose	\$ 220,085	\$ 39,393	\$ 180,692
Schools	440,169	91,177 *	348,992
Sewers	366,808	12,511	354,297
Urban renewal	317,900		317,900
Pension deficit	293,446		293,446

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

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

Capital Leases

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

8. RISK MANAGEMENT

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

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

The claims liability of \$1,951,694 reported in the Internal Service Fund at June 30, 2017 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

		Liability		Current Year		Claim		Liability
		July 1,		Claims		Payments		June 30,
				and Changes				
				in Estimates				
2015-2016	\$	1,487,285	\$	1,149,188	\$	1,372,229	\$	1,264,244
2016-2017		1,264,244		1,740,476		1,053,026		1,951,694

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,204,622 at June 30, 2017 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

		Liability		Current Year		Claim		Liability
		July 1,		Claims		Payments		June 30,
				and Changes				
				in Estimates				
2015-2016	\$	1,304,679	\$	50,823	\$	182,638	\$	1,172,864
2016-2017		1,172,864		132,466		100,708		1,204,622

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for medical, prescription drug costs and dental benefits. The claims liability of \$1,025,000 at June 30, 2017 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

			Current Year		
		Liability	Claims	Claim	Liability
		July 1,	and Changes	Payments	June 30,
			in Estimates		
2015-2016	\$	838,000	\$ 9,683,378	\$ 9,603,378	\$ 918,000
2016-2017		918,000	11,611,078	11,504,078	1,025,000

9. BULKY WASTE LANDFILL

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

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

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

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

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

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

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

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

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

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

Plan Description and Benefits Provided

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Police Employees Retirement Plan

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

Volunteer Fire Department Pension Plan

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Investments

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

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

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

Rate of Return

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Deferred Retirement Option Program

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

Net Pension Liability of the Town

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

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

Actuarial Assumptions

Police Employees Retirement Plan

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

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

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

Volunteer Fire Department Pension Plan

The total pension liability was determined by an actuarial valuation as of January 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Pre-retirement mortality rates were based on the RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2017.

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

Asset Class	Long-Term Expected Real Rate of Return
U.S. Large Cap	5.00%
U.S. Mid/Small Cap	5.75%
International Equities	5.50%
Emerging International Equities	6.25%
Core Bonds	2.25%
High-Yield Bonds	3.50%
Real Estate (Core)	5.25%
Cash	0.75%

Changes in the Net Pension Liability

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

The following presents the net pension liability of the Town, for the Police Employee Retirement Plan calculated using the discount rate of 7.00%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate, and for the Volunteer Fire Department Pension Plan calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

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

Funding Status and Progress

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Pension Plan Fiduciary Net Position

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

Changes in Pension Net Position

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

Year Ending June 30,

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

B. Defined Contribution Plan

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

The value of the plan at June 30, 2017 is \$591,051. There were 18 participants as of June 30, 2017. Employee contributions and investment earnings through the fiscal year ended June 30, 2017 totaled \$375,797, while employer contributions and earnings totaled \$215,253. Plan provisions and contribution requirements are established by the pension agreement negotiated between the Town and police union and adopted by the Representative Town Meeting (RTM) in August 2011.

C. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Disability Retirement - Service Connected

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

Disability Retirement - Non-Service Connected

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

Death Benefit

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

Contributions

Member

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

Employer

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

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

At June 30, 2017, the Town reports a liability of \$10,725,931 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2017, the Town's proportion was 3.22% percent. This represents a decrease in proportion from June 30, 2016 of 0.07%.

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

Year Ending June 30,

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

Actuarial Assumptions

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Discount Rate

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Town's proportionate share of the net pension liability	\$ 20,453,204	\$ 10,725,931	\$ 2,522,481

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

D. Teachers Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

Employer (School Districts)

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

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

Employees

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

At June 30, 2017, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>91,314,924</u>
Total	\$ <u>91,314,924</u>

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

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$9,958,221 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

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

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

Discount Rate

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

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

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

Pension Plan Fiduciary Net Position

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Other Information

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

12. OTHER POSTEMPLOYMENT BENEFITS

A. Summary of Significant Accounting Policies

Basis of Accounting

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

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

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

B. Plan Description

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

At July 1, 2016, plan membership consisted of the following:

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

TOWN OF BRANFORD, CONNECTICUT NOTES TO FINANCIAL STATEMENTS

C. Funding Policy

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

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

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

D. Investments

Investment Policy

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

Rate of Return

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

E. Net OPEB Liability of the Town

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

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

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

Actuarial Assumptions

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

Discount Rate

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

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

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

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

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

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

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

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

F. Annual OPEB Cost and Net OPEB Obligations

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

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2017, 2016 and 2015, are presented below.

Fiscal Year Ending		Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/17	\$	1,909,399	\$ 2,216,607	116.09%	\$ 718,208
6/30/16		1,851,600	1,560,200	84.26%	411,000
6/30/15		1,839,800	1,808,700	98.31%	702,400

TOWN OF BRANFORD, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/12	\$ 5,856,346	\$ 20,977,792	\$ (15,121,446)	27.92%	\$ 39,169,500	(38.61%)
7/1/14	9,510,785	22,798,733	(13,287,948)	41.72%	48,861,400	(27.20%)
7/1/16	11,934,160	27,035,934	(15,101,774)	44.14%	47,770,477	(31.61%)

13. FUND BALANCES

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

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

Significant encumbrances of \$673,957, \$4,218,222, \$1,104 and \$235,277 at June 30, 2017 are contained in the above table in the committed and assigned categories of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Sewer Assessment Fund, and the restricted and committed categories of the Nonmajor Governmental Funds, respectively.

14. LITIGATION

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

15. SUBSEQUENT EVENTS

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

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

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

(Continued on next page)

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

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

(Continued on next page)

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 255,000	\$ 255,000	\$ 266,858	\$ 11,858
Leases	25,000	25,000	29,480	4,480
Elderly Services - Building Usage	2,000	2,000	1,950	(50)
Elderly Services - NGO Revenue			130	130
Recreation Department - Building Usage			3,050	3,050
Recreation Department - Facility Usage			2,300	2,300
Foote Family Charitable Trust	200,000	200,000	200,000	-
Insurance Claims and Refunds	20,000	20,000	58,560	38,560
Miscellaneous Refunds			33,390	33,390
Miscellaneous Income	28,000	28,000	50,474	22,474
Sale of Town Property	100,000	100,000	129,075	29,075
Commerce Bank Revenue Share	7,500	7,500	19,544	12,044
Returned Check Fees			340	340
Under Liquidated Encumbrances			6,073	6,073
Total other	<u>1,156,000</u>	<u>1,156,000</u>	<u>1,445,382</u>	<u>289,382</u>
Total revenues	102,458,144	102,547,112	105,755,326	3,208,214
Other Financing Sources:				
Transfers in	<u>608,073</u>	<u>751,713</u>	<u>751,714</u>	<u>1</u>
Total Revenue and Other Financing Sources	<u>\$ 103,066,217</u>	<u>\$ 103,298,825</u>	106,507,040	<u>\$ 3,208,215</u>
Budgetary revenues are different than GAAP revenues because:				
State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			9,958,221	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(6,073)	
The Town does not budget for Board of Education severance fund revenues.			145	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			<u>616,380</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			<u>\$ 117,075,713</u>	

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

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

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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, 2017

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

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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, 2017

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

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

	2014	2015	2016	2017
Total pension liability:				
Service cost	\$ 579,898	\$ 600,194	\$ 621,201	\$ 586,875
Interest	1,838,139	1,906,563	1,990,048	2,058,756
Differences between expected and actual experience			(680,737)	
Changes of assumptions			991,581	
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,569)	(1,564,499)	(1,644,784)
Net change in total pension liability	898,948	1,106,188	1,357,594	1,000,847
Total pension liability - beginning	26,425,916	27,324,864	28,431,052	29,788,646
Total pension liability - ending	27,324,864	28,431,052	29,788,646	30,789,493
Plan fiduciary net position:				
Contributions - employer	920,000	898,000	910,500	914,742
Contributions - member	282,016	301,069	280,850	258,782
Net investment income	2,255,408	40,613	149,903	1,542,864
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,569)	(1,564,499)	(1,644,784)
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,246)	1,071,604
Plan fiduciary net position - beginning	19,825,212	21,763,547	21,602,660	21,379,414
Plan fiduciary net position - ending	21,763,547	21,602,660	21,379,414	22,451,018
Net Pension Liability - Ending	\$ 5,561,317	\$ 6,828,392	\$ 8,409,232	\$ 8,338,475
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%
Covered-employee payroll	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246
Net pension liability as a percentage of covered-employee payroll	160.64%	197.24%	235.14%	233.16%

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

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

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

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution	\$ 781,134	\$ 773,105	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106	\$ 897,106	\$ 911,226
Contributions in relation to the actuarial determined contribution	<u>802,960</u>	<u>806,769</u>	<u>1,101,866</u>	<u>887,078</u>	<u>960,000</u>	<u>922,000</u>	<u>920,000</u>	<u>898,000</u>	<u>910,500</u>	<u>914,742</u>
Contribution Deficiency (Excess)	<u>\$ (21,826)</u>	<u>\$ (33,664)</u>	<u>\$ (308,124)</u>	<u>\$ 127,025</u>	<u>\$ 81,413</u>	<u>\$ (32,368)</u>	<u>\$ (16,837)</u>	<u>\$ (894)</u>	<u>\$ (13,394)</u>	<u>\$ (3,516)</u>
Covered-employee payroll	\$ 3,506,873	\$ 3,506,876	\$ 3,993,027	\$ 3,993,027	\$ 4,217,112	\$ 4,217,112	\$ 3,462,045	\$ 3,462,045	\$ 3,576,246	\$ 3,576,246
Contributions as a percentage of covered-employee payroll	22.90%	23.01%	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%	25.46%	25.58%

Notes to Schedule

Valuation Date: July 1, 2015

Measurement Date: June 30, 2017

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

Methods and assumptions used to determine contribution rates:

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

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

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

Notes to Schedule

Valuation Date: January 1, 2015

Measurement Date: June 30, 2017

Actuarially determined contribution rates are calculated as of January 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary
Remaining amortization period	30 years
Asset valuation method	Asset gains and losses are recognized over a five-year period at 20% per year.
Inflation	2.75%
Salary increases	Volunteer fire plan, no salary
Investment rate of return	6.75% (Prior: 7.00%)
Retirement age	Scaled based on age from 50% at age 65 to 100% at age 70
Mortality	RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2017. Prior: RPH-2014 Mortality Table adjusted to 2006 total dataset, headcount-weighted, projected to the measurement date with Scale MP-2015.

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

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

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

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

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

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

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

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

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry age
Amortization method	Level percent of salary, closed
Remaining amortization period	20.4 years
Asset valuation method	4-year smoothed market

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,107,502	\$ 1,153,600	\$ 1,303,939	\$ 1,683,907	\$ 2,065,555	\$ 2,144,563	\$ 2,224,976	\$ 2,284,715	\$ 2,233,161	\$ 2,254,928
Contributions in relation to the actuarially determined contribution	<u>1,107,502</u>	<u>1,153,600</u>	<u>1,303,939</u>	<u>1,683,907</u>	<u>2,065,555</u>	<u>2,144,563</u>	<u>2,224,976</u>	<u>2,284,715</u>	<u>2,233,161</u>	<u>2,254,928</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 14,727,420	\$ 15,218,997	\$ 15,843,730	\$ 15,915,945	\$ 16,149,765	\$ 16,458,657	\$ 16,641,556	\$ 16,787,032	\$ 18,444,678	\$ 18,428,703
Contributions as a percentage of covered employee payroll	7.52%	7.58%	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%	12.11%	12.24%

Notes to Schedule

Valuation date: June 30, 2016
Measurement date: June 30, 2016
Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Single equivalent amortization period	25 years
Asset valuation method	5 years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25% - 11.00%, including inflation
Investment rate of return	8.00%, net of investment related expense
Changes in assumptions	In 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to more closely reflect actual and anticipated experience.

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

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

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	25 years
Asset valuation method	5-year smoothed market

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

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

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

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Actuarially determined contribution (1)	\$ N/A	\$ 1,818,900	\$ 1,955,400	\$ 1,997,300	\$ 1,613,000	\$ 1,651,000	\$ 1,790,540	\$ 1,835,900	\$ 1,847,914	\$ 1,907,215
Contributions in relation to the actuarially determined contribution	N/A	3,968,100	1,285,645	1,503,300	1,276,100	1,584,500	1,964,000	1,808,700	1,560,200	2,216,607
Contribution Deficiency (Excess)	\$ <u>N/A</u>	\$ <u>(2,149,200)</u>	\$ <u>669,755</u>	\$ <u>494,000</u>	\$ <u>336,900</u>	\$ <u>66,500</u>	\$ <u>(173,460)</u>	\$ <u>27,200</u>	\$ <u>287,714</u>	\$ <u>(309,392)</u>
Covered-employee payroll	\$ N/A	\$ 41,807,100	\$ 39,028,800	\$ 39,028,800	\$ 39,169,500	\$ 39,169,500	\$ 48,861,400	\$ 48,861,400	\$ 47,770,477	\$ 49,561,870
Contributions as a percentage of covered-employee payroll	N/A	9.49%	3.29%	3.85%	3.26%	4.05%	4.02%	3.70%	3.27%	4.47%

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

Notes to Schedule

Valuation date: July 1, 2016

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

Methods and assumptions used to determine contribution rates:

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

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

2017

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

8.44%

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

JOSEPH FASI LLC

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HARTFORD, CONNECTICUT 06106

A T T O R N E Y S A T L A W

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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 \$18,000,000 Town of Branford, Connecticut General Obligation Bonds, Issue of 2018, bearing a Dated Date of August 7, 2018 and an Original Issue Date of August 7, 2018 (the "bonds").

We have examined a record of the proceedings authorizing the bonds, a Tax Regulatory Agreement of the Town dated August 7, 2018 (the "Tax Regulatory Agreement"), and other proofs submitted to us.

The bonds are subject to redemption prior to maturity as therein provided. 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 excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax. We express no opinion regarding any other Federal tax consequences of 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, and (ii) continuing compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

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 any other State tax consequences of ownership or disposition of, or receipt of interest on, 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 noncompliance occurs. In rendering its opinion, Bond Counsel relies on the continuing compliance by the Town with the Tax Regulatory Agreement.

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 excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Code and is not a specific preference item for purposes of the Federal alternative minimum tax.

The "Tax Cut and Jobs Act" (H.R.1), repealed the Federal alternative minimum tax on corporations for taxable years beginning after December 31, 2017. For tax years on or prior to December 31, 2017, interest on the Bonds is, however, includable in the adjusted current earnings of certain corporations (as defined for federal income tax purposes) for purposes of 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, or receipt of interest on 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 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 for taxable years beginning on or before December 31, 2017. 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, The Tax Cut and Jobs Act, H.R.1, signed by the President on December 22, 2017, eliminated the alternative minimum tax on corporations for tax years beginning January 1, 2018, and changed individual and corporate tax rates and deductions. These changes to Federal tax law may also change the benefit of tax exempt bond ownership. Such Federal legislative proposals are continually being proposed and 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. 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 purchases 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 August 7, 2018

In Connection With The Issuance And Sale Of

\$18,000,000 Town of Branford, Connecticut

General Obligation Bonds, Issue of 2018,

Dated August 7, 2018

WHEREAS, the Town of Branford, Connecticut (the "Issuer") has heretofore authorized the issuance of \$18,000,000 in aggregate principal amount of its General Obligation Bonds, Issue of 2018 (the "Bonds") to be dated August 7, 2018 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 August 7, 2018

In Connection With The Issuance And Sale Of

\$18,000,000 Town of Branford, Connecticut

General Obligation Bonds, Issue of 2018,

Dated August 7, 2018

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
Town Treasurer

By _____
James P. Finch, Jr.
Finance Director

APPENDIX D – NOTICE OF SALE

NOTICE OF SALE

\$18,000,000

TOWN OF BRANFORD, CONNECTICUT

GENERAL OBLIGATION BONDS, ISSUE OF 2018

NOT BANK QUALIFIED

ELECTRONIC BIDS via **PARITY®** only will be received by the Town of Branford, Connecticut (the "Issuer"), until:

**11:00 A.M. (E.D.T.)
Tuesday, July 24, 2018**

for the purchase of \$18,000,000 Town of Branford, Connecticut, General Obligation Bonds, Issue of 2018, maturing August 1 in each of the years as follows:

Year	Amount	Year	Amount
2019	\$950,000	2029	\$950,000
2020	\$950,000	2030	\$950,000
2021	\$950,000	2031	\$950,000
2022	\$950,000	2032	\$950,000
2023	\$950,000	2033	\$950,000
2024	\$950,000	2034	\$950,000
2025	\$950,000	2035	\$950,000
2026	\$950,000	2036	\$950,000
2027	\$950,000	2037	\$450,000
2028	\$950,000	2038	\$450,000

bearing interest payable semi-annually on February 1 and August 1 in each year until maturity, commencing February 1, 2019 (the "Bonds"). Interest shall be computed on the basis of 360-day year consisting of twelve 30-day months.

Redemption

The Bonds maturing on or before August 1, 2023 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2024 and thereafter are subject to redemption prior to maturity, at the election of the Issuer, on and after August 1, 2023, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Issuer may determine, at the redemption price or prices (expressed as a percentage of the principal amount of the Bonds to be redeemed) set forth in the following table, plus interest accrued and unpaid to the redemption date:

	<u>Redemption Dates</u>	<u>Redemption Price</u>
From:	August 1, 2023, and thereafter	100%

Book-Entry/Denominations

The Bonds will be dated August 7, 2018 and will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. The Bonds will be issued in registered form and one bond certificate for each maturity will be issued to The Depository Trust Company, New York, New York (DTC), registered in the name of its nominee, Cede & Co., and immobilized in their custody. The book-entry system will evidence ownership of the Bonds in the principal amounts of \$5,000 or integral multiples thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Issuer or its agent in same-day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Issuer will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

Submitting Proposals

Proposals for the purchase of said Bonds must be in the form of proposal for purchase attached hereto. Each bid must be for the entire \$18,000,000 of Bonds and must specify the rate or rates of interest therefor in a multiple of 1/20 or 1/8 of 1% per annum, provided such bid shall not state (a) more than one interest rate for any Bonds having like maturity, or (b) any interest rate for any Bonds which exceeds the interest rate stated in the proposal for any other Bonds by more than 2%. No bid for less than par and accrued interest will be considered. Unless all bids are rejected the Bonds will be awarded to the bidder offering to purchase them at the lowest true interest cost.

For the purposes of determining the successful bidder, the true interest cost to the Issuer will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to August 7, 2018, the date of the Bonds, results in an amount equal to the purchase price for the Bonds, not including interest accrued to August 7, 2018, the delivery date of the Bonds. It is requested that each proposal be accompanied by a statement of the percentage of true interest cost computed and rounded to four decimal places. Such statement shall not be considered as a part of the proposal. The purchase price must be paid in Federal Funds.

Electronic Proposals Bidding Procedure. Electronic bids for the purchase of the Bonds must be submitted through the facilities of **PARITY**® until 11:00 A.M. (E.D.T.) on Tuesday, July 24, 2018. Any prospective bidder must be a subscriber of i-Deal's BiDCOMP competitive bidding system. Further information about **PARITY**®, including any fee charged, may be obtained from **PARITY**®, c/o i-Deal LLC, 1359 Broadway, 2nd Floor New York, New York 10018, Attention: Customer Support (telephone: (212) 849-5021 - email notice: parity@i-deal.com). The Issuer neither will confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe.

Once an electronic bid made through the facilities of **PARITY**® is communicated to the Issuer, it shall constitute an irrevocable offer, in response to this Notice, and shall be binding upon the bidder as if made by the signed, sealed bid delivered to the Issuer. By submitting a bid for the Bonds via **PARITY**®, the bidder represents and warrants to the Issuer that such bidder's bid for the purchase of the Bonds is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder by an irrevocable offer and that acceptance of such bid by the Issuer will bind the bidder by a legal, valid and enforceable contract, for the purchase of the Bonds on the terms described in this Notice. **The Issuer shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY®, or the inaccuracies of any information, including bid information or worksheets supplied by PARITY®, the use of PARITY® facilities being the sole risk of the prospective bidder. Each Bidder is solely responsible for knowing the terms of the sale as set forth herein.**

Disclaimer. Each of **PARITY**® prospective electronic bidders shall be solely responsible to make necessary arrangements to access **PARITY**® for the purpose of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the Issuer nor **PARITY**® shall have any duty or obligation to undertake such arrangements to bid for any prospective bidder or to provide or assure such access to any prospective bidder, and neither the Issuer or **PARITY**® shall be responsible for a bidder's failure to make a bid or for the proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**®. The Issuer is using **PARITY**® as a communication mechanism, and not as the Issuer's agent, to conduct the electronic bidding for the Bonds. The Issuer is not bound by any advice and determination of **PARITY**® to the effect that any particular bid complies with the terms of this Notice and in particular the bid requirements herein set forth. All cost and expenses incurred by prospective bidders in connection with their subscription to, arrangements with and submission of bids via **PARITY**® are the sole responsibility of the bidders; and the Issuer is not responsible directly or indirectly, for any of such costs or expenses. If the prospective bidder encounters any difficulty in arranging to bid or submitting, modifying or withdrawing a bid for the Bonds, the prospective bidder should telephone **PARITY**® at (212) 849-5021. If any provision of this Notice shall conflict with information provided by **PARITY**®, this Notice shall control.

For the purpose of the electronic bidding process, the time maintained on **PARITY**® shall constitute the official time.

Award

The Bonds will be awarded or all bids will be rejected promptly after the bid opening and not later than 4:00 P.M. (Hartford time) on July 24, 2018. The right is reserved to reject any and all proposals and to waive any irregularity or informality with respect to any proposal.

Legal Opinion

The legality of the issue will be passed upon by Joseph Fasi LLC, Bond Counsel, of Hartford, Connecticut, and the winning bidder will be furnished with their opinion without charge.

The Bonds will be general obligations of the Issuer payable, unless paid from other sources, from ad valorem taxes which may be levied on all taxable property subject to taxation by the Issuer without limit as to rate or amount except as to classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. There was, however, no such certified forest land on the last completed grand list of the Issuer and under existing statutes the State of Connecticut is obligated to pay to the Issuer the amount of tax revenue which the Issuer would have received except for the limitation upon its power to tax such dwelling houses.

The legal opinion will further state that, under existing statutes and court decisions interest on the Bonds (i) is excludable from gross income of the owners thereof for purposes of Federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific preference item for purposes of the Federal alternative minimum tax.

Under existing statutes, the 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 Federal alternative minimum tax.

In rendering the legal opinion, Joseph Fasi LLC will rely upon and assume the material accuracy of the representations and statements of expectation contained in the Tax Regulatory Agreement entered into by the Issuer for the benefit of the owners of the Bonds, and further, will assume continuing compliance by the Issuer with the covenants and procedures set forth in such Tax Regulatory Agreement. A copy of the opinion will be printed upon each of the Bonds, and a signed opinion and transcript of proceedings will be filed with U.S. Bank National Association, in Hartford, Connecticut, and will be available for examination upon request.

No opinion regarding any other Federal or State tax consequences of ownership or disposition of, or receipt of interest on, the **Bonds** will be expressed.

See "Form of Opinion of Bond Counsel and Tax Exemption" herein.

Issue Price Establishment and Certification

10% Test to Apply if Competitive Sale Requirements are Not Satisfied

Summary: To establish issue price the Issuer expects the sale of the Bonds to qualify under the competitive sale provisions of Treasury Regulation Section 1.148-1(f)(3)(i) and to establish the issue price pursuant to the competitive sale regulations.

In the event, in the opinion of Bond Counsel, the competitive sale regulations are not satisfied the Issuer will utilize the general rule of Treasury Regulation Section 1.148-1(f)(2) and establish the issue price as the first price at which 10% of each maturity is sold to the public.

The Issuer will not utilize the hold the price provisions of Treasury Regulation Section 1.148-1(f)(2)(ii). Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied.

This Summary is qualified by the Terms of Issue Price Establishment and Certification of this Notice of Sale as follows:

Establishment of Issue Price: The winning bidder shall assist the Issuer in establishing the issue price of the Bonds and shall execute and deliver to the Issuer at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Notice of Sale Exhibits A-1 and A-2 (depending on the method of issue price determination), with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Issuer and Bond Counsel.

All actions to be taken by the Issuer under this notice of sale to establish the issue price of the Bonds may be taken on behalf of the Issuer by its Municipal Advisor. Any notice or report to be provided to the Issuer shall be provided to the Issuer’s Bond Counsel.

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

- (i) the Issuer shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Issuer may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (iv) the Issuer anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid, and by submitting a bid, a bidder is representing that it has an established industry reputation for underwriting new issuances of municipal bonds.

Failure to Meet Competitive Sale Requirements; 10% Sale Test To Apply: In the event that the competitive sale regulations are not satisfied, the Issuer shall so advise the winning bidder. The Issuer shall treat the first price at which 10% of a maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis. The winning bidder shall advise the Issuer if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Issuer will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Issuer the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the Issuer to the winning bidder.

Documentation to Winning Bidders

In addition to Bond Counsel’s opinion, the winning bidder will also be furnished with a signature and no litigation certificate, a receipt of payment satisfactory in form to said firm, a confirmed copy of the Official Statement prepared for this sale, a certificate signed by the appropriate officials of the Issuer relating to the accuracy and completeness of information contained in the Official Statement, and an executed continuing disclosure agreement.

Certifying/Paying Agent

The Bonds will be certified by U.S. Bank National Association.

Bank Qualification

The Bonds **shall NOT** be designated by the Issuer as qualified tax exempt obligations under the provisions of Section 265(b) of the Code for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Delivery and Payment

The Bonds will be delivered to DTC or its Agent via "Fast" on or about August 7, 2018. The deposit of the Bonds with DTC under a book-entry system requires the assignment of CUSIP numbers prior to delivery. The Issuer assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers, which charges shall be the responsibility of and shall be paid for the purchaser. The Issuer's Municipal Advisor will apply for CUSIP numbers in accordance with MSRB Rule G-34. The Issuer will not be responsible for any delay occasioned by the inability to deposit the Bonds with DTC due to the failure of the Issuer's Municipal Advisor to obtain such numbers and to supply them to the Issuer in a timely manner, the Purchaser's failure to pay CUSIP charges or any other CUSIP assignment failure.

Deemed Final; Pricing Information

The Official Statement is in a form "deemed final" by the Issuer for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Issuer will provide to the winning bidder 50 copies of the Official Statement prepared at the Issuer's expense and delivered not later than seven business days after the bid opening. Additional copies may be obtained by the winning bidder at its own expense by arrangement with the printer. If the Issuer's municipal advisor is provided with the necessary information from the winning bidder by noon of the day after the bid opening, the copies of the Official Statement will include an additional cover page and other pages, if necessary, indicating the interest rates, rating, yields or reoffering prices, the name of the managing underwriter, and the name of the insurer, if any, of the Bonds.

Continuing Disclosure

The Issuer will undertake in a Continuing Disclosure Agreement entered into in accordance with the requirements of Rule 15c2-12(b)(5), promulgated by the Securities and Exchange Commission, to provide (i) certain annual financial information and operating data, including audited financial statements; (ii) timely notice of the occurrence of certain listed events; and (iii) timely notice of its failure to provide such annual financial information. The winning bidder's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement for the Bonds.

More Information

For more information regarding this issue and the Issuer, reference is made to the Official Statement. Bid forms and copies of the Official Statement dated July 16, 2018, may be obtained from Mark N. Chapman, Director, Independent Bond & Investment Consultants, LLC, 129 Samson Rock Drive, Suite A, Madison, Connecticut 06443, (203) 245-7264.

James B. Cosgrove
First Selectman

Michael T. Nardella
Town Treasurer

James P. Finch, Jr.
Finance Director

July 16, 2018

(See attached for form of Proposal for Bonds)

PROPOSAL FOR BONDS
ONLY Electronic Bids via **PARITY**® Accepted

July 24, 2018

James B. Cosgrove, First Selectman
Michael T. Nardella, Town Treasurer
James P. Finch, Jr., Finance Director
Town of Branford
c/o Office of the Finance Director
Branford Town Hall, 1019 Main Street, Branford, Connecticut 06405

Gentlemen:

Subject to the provisions of the Notice of Sale dated July 16, 2018, which Notice is made a part of this proposal, we offer to purchase all \$18,000,000 bonds of the Town of Branford, Connecticut comprising the issue described in said notice and to pay therefor par and accrued interest to date of delivery, plus a premium of \$_____, provided that the bonds maturing in the several years set forth below shall bear interest from their date until maturity at the respective rates per annum stated in the following table:

Year of Maturity	Principal Amount	Interest Rate	Year of Maturity	Principal Amount	Interest Rate
2019	\$	_____ %	2029	\$	_____ %
2020	\$	_____ %	2030	\$	_____ %
2021	\$	_____ %	2031	\$	_____ %
2022	\$	_____ %	2032	\$	_____ %
2023	\$	_____ %	2033	\$	_____ %
2024	\$	_____ %	2034	\$	_____ %
2025	\$	_____ %	2035	\$	_____ %
2026	\$	_____ %	2036	\$	_____ %
2027	\$	_____ %	2037	\$	_____ %
2028	\$	_____ %	2038	\$	_____ %

(Name of Bidder)

(Mailing Address)

(Telephone Number)

(Authorized Signature)

(Facsimile Number)

The following is our computation of the interest cost, made as provided in the above-mentioned Notice of Sale, but not constituting any part of the foregoing proposal, for the purchase of \$18,000,000 bonds under the foregoing proposal:

Gross Interest	\$ _____
Less Premium Bid Over Par	\$ _____
Net Interest Cost	\$ _____
Percent True Interest Cost	_____ %
	(Four Decimals)

NOTICE OF SALE EXHIBIT A-1
COMPETITIVE SALE
\$18,000,000 TOWN OF BRANFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2018
ISSUE PRICE CERTIFICATE

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”][the “Representative”])[, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Reasonably Expected Initial Offering Price.*** (a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in the [Bond Report/(or Schedule A)] (the “Expected Offering Prices”) attached hereto. The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds. (b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid. (c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds in accordance with the specified written terms contained in the Notice of Sale published by the Issuer.

2. [SHORT NAME OF UNDERWRITER] believes it has an established industry reputation for underwriting new issuances of municipal bonds.

3. ***Defined Terms.*** (a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities. (b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly. (c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is Tuesday, July 24, 2018. (d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate, including the Underwriter Group Members) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Regulatory Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Joseph Fasi LLC, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Title: _____

Dated: July 24, 2018

SCHEDULE A EXPECTED OFFERING PRICES *(To Be Attached)*

SCHEDULE B COPY OF UNDERWRITER’S BID *(To Be Attached)*

NOTICE OF SALE EXHIBIT A-2

AT LEAST 10% OF EACH MATURITY

ACTUALLY SOLD AT A SINGLE PRICE

**\$18,000,000 TOWN OF BRANFORD, CONNECTICUT
GENERAL OBLIGATION BONDS, ISSUE OF 2018
ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] ([“[SHORT NAME OF UNDERWRITER]”][the “Representative”]), on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the “Underwriting Group”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. ***Sale of the Bonds.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

2. ***Defined Terms.***

(a) ***Issuer*** means TOWN OF BRANFORD, CONNECTICUT.

(b) ***Maturity*** means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) ***Public*** means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) ***Underwriter*** means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [NAME OF UNDERWRITING FIRM][the Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer[and the Borrower] with respect to certain of the representations set forth in the [Tax Certificate] and with respect to compliance with the federal income tax rules affecting the Bonds, and by JOSEPH FASI LLC, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

[UNDERWRITER][REPRESENTATIVE]

By: _____

Name: _____

Title: _____

Dated: July 24, 2018

SCHEDULE A SALE PRICES (*To Be Attached*)