

TOWN OF BRANFORD, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2014

TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2014

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Independent Auditors' Report

To the Board of Finance
Town of Branford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2014 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 51 through 56, the schedule of changes in net pension liability and related ratios on page 57, the schedule of employer contributions on page 58, and the schedule of investment returns on page 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Branford, Connecticut, as of and for the year ended June 30, 2013 (not presented herein), and have issued our report thereon dated December 18, 2013, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2013 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2013 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2013 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2014 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Branford, Connecticut's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 23, 2014

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

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2014. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

FINANCIAL HIGHLIGHTS

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town’s combined net position increased from a year ago, increasing from \$123,694 to \$131,749. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town’s governmental activities.

**TABLE 1
NET POSITION**

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

The Town experienced an increase in net position of its governmental activities of 6.5% as compared to the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$42,744 at June 30, 2013 to \$49,082 at the end of this year.

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

**TABLE 2
CHANGE IN NET POSITION**

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

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

Governmental Activities

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

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

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

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

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

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

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$97,469. Unexpended appropriations in general government, public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$2,521. Revenues were \$2,439 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates and receipt of non-recurring revenue items.

The Town's General Fund balance of \$22,968 reported on Exhibit IV is comprised of four categories: Nonspendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

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

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

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

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

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

Long-Term Debt

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

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, remains at Aa1, and represents the second rating increase from Moody's since 2001. The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$637 million.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF NET POSITION

JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2014

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

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2014

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 34,984,000
--	---------------

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

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

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

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

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

9,854,264

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

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

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

TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

(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, 2014

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV) \$ 2,775,584

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

Capital outlay	2,537,381
Depreciation expense	(5,103,053)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (20,556)

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

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

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

Bond and note principal payments	5,940,004
Capital lease payments	208,188

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

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

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. 1,426,942

Change in Net Position of Governmental Activities (Exhibit II) \$ 8,054,469

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

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

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

The Retiree Benefits Trust Fund accounts for the retiree health benefits provided by the Town, which accumulates resources for retiree health insurance payments to qualified retirees.

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the

governmental funds balance sheet. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest on property taxes, special assessments, loans receivable, and school building grants. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

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

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

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

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

B. Deficit Fund Balance

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

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

Uninsured and uncollateralized	\$ 10,423,519
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name, and amounts held by third-party banks in the Town's name	<u>20,746,975</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 31,170,494</u>

Cash Equivalents

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

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

Investments

As of June 30, 2014, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 2,733,775	\$	\$ 2,065,539	\$ 668,236
Other debt securities	AAA	5,723,422	2,026,934	3,696,488	
Corporate bonds	A-AAA	1,702,508		62,279	1,640,229
Corporate bonds	B-BBB-	8,080,064	939,587	6,062,822	1,077,655
Corporate bonds	N/A	460,099		457,053	3,046
Certificates of deposit*	N/A	45,298	40,086		5,212
Subtotal			\$ 3,006,607	\$ 12,344,181	\$ 3,394,378
Other investments:					
Common stock	N/A	23,384			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	18,394,530			
Total		\$ 37,163,080			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2014, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

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

5. CAPITAL ASSETS

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

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

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

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

Active Capital Projects

The Town has active projects as of June 30, 2014. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
WIS Roof & Window Replacement	\$ 2,100,000	\$ 1,961,133	\$	\$ 138,867
Tabor Drive Acquisition	13,875,000	13,839,541	7,465	27,994
Fire Headquarters	12,500,000	12,446,284	39,794	13,922
Radio Control System Upgrade	1,650,000	1,473,358	1,997	174,645
Board of Education Roofs	950,000	699,870		250,130
Board of Education Energy Conservation	150,000			150,000
School Ground Road Bridge	4,975,000	1,495,265	317,707	3,162,028
Land Acquisition Fund	1,110,276	1,101,517		8,759
Community Center Heating	190,000			190,000
Transfer Station Overhead Doors	200,535			200,535
Pump Station Upgrades	165,000	11,865	157,635	(4,500)

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

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

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

Interfund transfers:

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

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

7. LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

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

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

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

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

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Bonds Authorized Unissued

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

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

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

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

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

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

Capital Leases

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

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

Bond Anticipation Notes

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

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

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

8. RISK MANAGEMENT

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

The Workers' Compensation Internal Service Fund is utilized to report the self-insurance activity. Workers Compensated Trust Services administers the plan, for which the Town pays a fee. The Town's general government and the Board of Education, contribute based on estimates using historical data. The Town covers all claims up to \$500,000 per employee per year with a stop-loss policy covering amounts exceeding the limit.

The claims liability of \$1,358,104 reported in the Internal Service Fund at June 30, 2014 is based on the GASB No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

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

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,435,670 at June 30, 2014 is based on the GASB No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

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

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for prescription drug costs and dental benefits. The claims liability of \$829,000 at June 30, 2014 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

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

9. BULKY WASTE LANDFILL

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

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

The closure contract has a remaining balance of \$61,709. Associated engineering costs including but not limited to the landfill gas investigation, permit compliance, construction assistance and closure certification report are approximately \$8,000. Improvements to stormwater quality, landfill gas mitigation and any additional closure requirements to comply with DEEP regulations might be required as part of closure activities, and are not included in the above estimate. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$40,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes may require additional appropriations throughout the life of the landfill.

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

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

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

10. JOINT VENTURES

Bristol Resource Recovery Facility Operating Committee

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$693,812 this year. General Fund fund balance for fiscal year ended June 30, 2014 as reflected in BRRFOC's financial statements is \$10.1 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Police Employees Retirement Plan

A. Plan Description

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

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

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

C. Investments

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

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

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

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

Deferred Retirement Option Program

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

Net Pension Liability of the Town

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

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

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

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

D. Funding Status and Progress

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

E. Annual Pension Cost and Net Pension Obligations

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

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

F. Trend Information

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

Schedule of Funding Progress

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

Defined Contribution Plan

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

The value of the plan at June 30, 2014 is \$162,356. There were 10 participants as of June 30, 2014. Employee contributions and investment earnings through the fiscal year ended June 30, 2014 totaled \$102,227 while employer contributions and earnings totaled \$60,129. Plan provisions and contribution requirements are established by the pension agreement negotiated between the town and police union and adopted by the Representative Town Meeting (RTM) in August 2011.

Municipal Employees' Retirement System

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

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

Teacher Retirement

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

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

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

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

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

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

12. OTHER POSTEMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

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

A. Plan Description

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

At July 1, 2012, plan membership consisted of the following:

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

B. Funding Policy

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

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

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

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

C. Annual OPEB Cost and Net OPEB Obligations

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

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

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2014, 2013 and 2012, are presented below.

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

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

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/08	\$ -	\$ 16,496,800	\$ (16,496,800)	0%	\$ 41,807,100	(39.46%)
7/1/10	4,134,000	17,271,300	(13,137,300)	23.94%	39,028,800	(33.66%)
7/1/12	5,856,346	20,977,792	(15,121,446)	27.92%	39,169,500	(38.61%)

Schedule of Employer Contribution

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

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

13. FUND BALANCES

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

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

Significant encumbrances of \$717,725, \$3,920,749, \$1,500 and \$265,950 at June 30, 2014 are contained in the above table in the assigned category of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Sewer Assessment Fund, and the restricted and committed categories of the Nonmajor Governmental Funds respectively.

14. LITIGATION

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

15. SUBSEQUENT EVENTS

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

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

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

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TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

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TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2014

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

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

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

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

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

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 143,845	\$ 144,095	\$ 144,095	\$ -
Special Programs Fund	75,000	75,000	75,000	-
Cafeteria Fund	236,574	236,574	236,574	-
Building Usage Fund	37,721	37,721	37,721	-
Sewer Utility Fund	600,000	600,000	600,000	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Walsh Intermediate School Roof and Windows Fund	20,000	20,000	20,000	-
Tabor Drive Land Acquisition Fund	815,000	815,000	815,000	-
Revaluation Fund	99,500	99,500	99,500	-
Ambulance	50,000	50,000	50,000	-
Fire Apparatus	100,000	100,000	100,000	-
Elderly Vehicles	30,000	30,000	30,000	-
DPW Apparatus	175,000	175,000	175,000	-
Capital Procurement Fund	1,545,290	1,550,290	1,550,290	-
Total other financing uses	<u>3,954,730</u>	<u>3,959,980</u>	<u>3,959,980</u>	<u>-</u>
Total Budgeted Operations	\$ <u>99,317,217</u>	\$ <u>99,989,525</u>	97,468,605	\$ <u>2,520,920</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			6,038,732	
The Board of Education does not budget for certain intergovernmental grants, which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.			642,926	
The Town does not budget for Lease fund activity.			117,115	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			(17,510)	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>104,249,868</u>	

TOWN OF BRANFORD, CONNECTICUT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST FISCAL YEAR

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

TOWN OF BRANFORD, CONNECTICUT
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST TEN FISCAL YEARS

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

Notes to Schedule

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

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

Methods and assumptions used to determine contribution rates:

- Actuarial cost method Entry Age Normal
- Amortization method Level percentage of salary - Closed
- Remaining amortization period 19 Years
- Asset valuation method Asset gains and losses are recognized over a five-year period at 20% per year.
- Inflation 3.00%
- Salary increases Scaled from 10.00% down to 0.0% based on years of service.
- Investment rate of return 7.00%
- Retirement age Scaled based on age from 25% at age 45 to 100% at age 65
- Mortality Pre-retirement, scaled between age 20 and 65 from .01% up to .20%
 Post-retirement: RP-2000 Mortality Table with separate male and female rates, with no collar adjustment combined table for non-annuitants and annuitants, projected to the valuation date with Scale AA.

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

2014

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

11.25%

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 27,542,345	\$ 26,138,046
Investments	5,178,205	3,282,467
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2014 and 2013	2,773,031	2,463,228
Interest	1,110,414	1,009,333
Intergovernmental	621,232	1,546,608
Other	809,884	1,965,438
Due from other funds		188,890
Prepaid items	<u>31,200</u>	<u>29,562</u>
Total Assets	<u>\$ 38,066,311</u>	<u>\$ 36,623,572</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,197,744	\$ 3,308,860
Due to other funds	2,387,500	2,862,268
Unearned revenue	856,365	960,899
Other	<u>111,815</u>	<u>482,701</u>
Total liabilities	<u>6,553,424</u>	<u>7,614,728</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	2,447,684	2,116,841
Unavailable revenue - interest on property taxes	1,110,414	1,009,333
Unavailable revenue - school building grants	426,787	1,118,791
Advance property tax collections	<u>4,560,316</u>	<u>3,125,733</u>
Total deferred inflows of resources	<u>8,545,201</u>	<u>7,370,698</u>
Fund Balance:		
Nonspendable	31,200	29,562
Committed	69,252	851,282
Assigned	3,542,725	3,284,951
Unassigned	<u>19,324,509</u>	<u>17,472,351</u>
Total fund balance	<u>22,967,686</u>	<u>21,638,146</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 38,066,311</u>	<u>\$ 36,623,572</u>

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2014

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Grand List	Uncollected Taxes July 1, 2013	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2014
						Taxes	Interest	Liens	Total	
1998	\$ 21,684	\$	\$	\$	\$ 21,684	\$	\$ 976	\$ 24	\$ 1,000	\$ 21,684
1999	14,994				14,994		221		221	14,994
2000	21,110				21,110		-		-	21,110
2001	23,588	187			23,775	179	293	24	496	23,596
2002	49,120				49,120	273	529	24	826	48,847
2003	54,220				54,220	1,336	915	24	2,275	52,884
2004	58,346	(37)			58,309	3,203	514	48	3,765	55,106
2005	58,946				58,946	2,819	2,586	72	5,477	56,127
2006	66,997	36			67,033	3,480	2,088	72	5,640	63,553
2007	77,838	398			78,236	3,885	2,179	120	6,184	74,351
2008	279,310	(49,574)		(95,361)	134,375	20,329	5,999	312	26,640	114,046
2009	373,176	(49,878)			323,298	52,630	30,504	619	83,753	270,668
2010	635,300	(23,218)			612,082	178,140	60,880	1,216	240,236	433,942
2011	1,227,068	24,342			1,251,410	554,961	105,087	3,358	663,406	696,449
2012	89,509,529	(106,750)			89,402,779	88,063,488	221,805	2,864	88,288,157	1,339,291
	<u>\$ 92,471,226</u>	<u>\$ (204,494)</u>	<u>\$ -</u>	<u>\$ (95,361)</u>	<u>\$ 92,171,371</u>	88,884,723	434,576	8,777	89,328,076	<u>\$ 3,286,648</u>
				Suspense Collections		55,504	24,561	6	80,071	
				Total		<u>\$ 88,940,227</u>	<u>\$ 459,137</u>	<u>\$ 8,783</u>	<u>\$ 89,408,147</u>	

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2014

	Special Revenue									
	Board of Education							Small Cities Fund	Town Aid Road	Pass Through Grants
	Water Assessment	Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage			
ASSETS										
Cash and cash equivalents	\$ 2,034	\$ 43,697	\$ 322,006	\$ 406,847	\$ 123,681	\$ 140	\$	\$ 126,175	\$ 883,179	\$
Investment										
Accounts receivable	11,422		6,135					407,473		
Intergovernmental receivable				131,281	103,620					
Due from other funds					141,043					
Inventory					17,875					
Total Assets	\$ 13,456	\$ 43,697	\$ 328,141	\$ 538,128	\$ 386,219	\$ 140	\$ -	\$ 533,648	\$ 883,179	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	\$ 8,934	\$ 609	\$ 218,761	\$ 328,465	\$	\$	\$ 4,330	\$ 18,587	\$
Due to other funds							25			
Unearned revenue				57,201						
Total liabilities	<u>-</u>	<u>8,934</u>	<u>609</u>	<u>275,962</u>	<u>328,465</u>	<u>-</u>	<u>25</u>	<u>4,330</u>	<u>18,587</u>	<u>-</u>
Deferred Inflows of Resources:										
Unavailable revenue - special assessments	11,422									
Unavailable revenue - loans receivable								407,473		
Total deferred inflows of resources	<u>11,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>407,473</u>	<u>-</u>	<u>-</u>
Fund Balance:										
Nonspendable					17,875					
Restricted				262,166				121,845	864,592	
Committed	2,034	34,763	327,532		39,879	140				
Unassigned							(25)			
Total fund balance	<u>2,034</u>	<u>34,763</u>	<u>327,532</u>	<u>262,166</u>	<u>57,754</u>	<u>140</u>	<u>(25)</u>	<u>121,845</u>	<u>864,592</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 13,456	\$ 43,697	\$ 328,141	\$ 538,128	\$ 386,219	\$ 140	\$ -	\$ 533,648	\$ 883,179	\$ -

(Continued on next page)

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

JUNE 30, 2014

	Special Revenue										
	Park and Recreation	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Foote	Sewer Utility Fund	FEMA Fund	LOCIP Fund	Total
ASSETS											
Cash and cash equivalents	\$ 685,839	\$ 702,003	\$ 76,183	\$ 4,143	\$ 460,794	\$ 107,413	\$ 20,879	\$ 3,169,623	\$	\$	\$ 7,134,636
Investment				107,669				545,215			652,884
Accounts receivable		7,012						230,031			662,073
Intergovernmental receivable		77,210				49,208		381,773	168,800	154,333	1,066,225
Due from other funds								199,816			340,859
Inventory											17,875
Total Assets	\$ 685,839	\$ 786,225	\$ 76,183	\$ 111,812	\$ 460,794	\$ 156,621	\$ 20,879	\$ 4,526,458	\$ 168,800	\$ 154,333	\$ 9,874,552
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ 21,398	\$ 63,529	\$ 2,583	\$ 225	\$	\$ 18,149	\$	\$ 192,863	\$	\$	\$ 878,433
Due to other funds									45,458	154,333	199,816
Unearned revenue	234,212										291,413
Total liabilities	255,610	63,529	2,583	225	-	18,149	-	192,863	45,458	154,333	1,369,662
Deferred Inflows of Resources:											
Unavailable revenue - special assessments								234,518			245,940
Unavailable revenue - loans receivable											407,473
Total deferred inflows of resources	-	-	-	-	-	-	-	234,518	-	-	653,413
Fund Balance:											
Nonspendable											17,875
Restricted		722,696				568			123,342		2,095,209
Committed	430,229		73,600	111,587	460,794	137,904	20,879	4,099,077			5,738,418
Unassigned											(25)
Total fund balance	430,229	722,696	73,600	111,587	460,794	138,472	20,879	4,099,077	123,342	-	7,851,477
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 685,839	\$ 786,225	\$ 76,183	\$ 111,812	\$ 460,794	\$ 156,621	\$ 20,879	\$ 4,526,458	\$ 168,800	\$ 154,333	\$ 9,874,552

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

JUNE 30, 2014

Permanent Fund

	<u>Damascus Cemetery</u>	<u>Leshine Scholarship</u>	<u>Caspar Block Scholarship</u>	<u>Gustaf Nelson Memorial</u>	<u>Caspar Block Special Recreation Grant</u>	<u>Total</u>	<u>Transfers/ Interfunds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 5,106	\$ 4,691	\$ 5,175	\$ 36,737	\$ 62,111	\$ 113,820		\$ 7,248,456
Investment	173,261					173,261		826,145
Accounts receivable						-		662,073
Intergovernmental receivable						-		1,066,225
Due from other funds						-	(199,816)	141,043
Inventory						-		17,875
Total Assets	<u>\$ 178,367</u>	<u>\$ 4,691</u>	<u>\$ 5,175</u>	<u>\$ 36,737</u>	<u>\$ 62,111</u>	<u>\$ 287,081</u>	<u>\$ (199,816)</u>	<u>\$ 9,961,817</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Accounts payable						-		\$ 878,433
Due to other funds						-	(199,816)	-
Unearned revenue						-		291,413
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(199,816)</u>	<u>1,169,846</u>
Deferred Inflows of Resources:								
Unavailable revenue - special assessments								245,940
Unavailable revenue - loans receivable								407,473
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>653,413</u>
Fund Balance:								
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420		118,295
Restricted	176,867	691	175	6,737	2,191	186,661		2,281,870
Committed						-		5,738,418
Unassigned						-		(25)
Total fund balance	<u>178,367</u>	<u>4,691</u>	<u>5,175</u>	<u>36,737</u>	<u>62,111</u>	<u>287,081</u>	<u>-</u>	<u>8,138,558</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 178,367</u>	<u>\$ 4,691</u>	<u>\$ 5,175</u>	<u>\$ 36,737</u>	<u>\$ 62,111</u>	<u>\$ 287,081</u>	<u>\$ (199,816)</u>	<u>\$ 9,961,817</u>

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	Special Revenue									
	Water Assessment	Board of Education					Small Cities	Town Aid Road	Pass Through Grants	
	Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage				
Revenues:										
Assessment income	\$ 2,017	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			2,763,117	409,665			71,365	752,100	379,480	
Sales and services		59,117	455,959	13,313			21,350			
Investment income	3		59				264	464		
Other	14									
Sale of food				684,811						
Total revenues	<u>2,034</u>	<u>59,117</u>	<u>456,018</u>	<u>2,763,117</u>	<u>1,107,789</u>	<u>-</u>	<u>-</u>	<u>92,979</u>	<u>752,564</u>	<u>379,480</u>
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway								329,638		
Parks, recreation and libraries										
Health and human services							54,046		379,480	
Education		58,235	452,097	3,129,684	1,202,325	37,721				
Capital outlay							70,727			
Total expenditures	<u>-</u>	<u>58,235</u>	<u>452,097</u>	<u>3,129,684</u>	<u>1,202,325</u>	<u>-</u>	<u>124,773</u>	<u>329,638</u>	<u>379,480</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	2,034	882	3,921	(366,567)	(94,536)	-	(37,721)	(31,794)	422,926	-
Other Financing Sources (Uses):										
Transfers in				236,574		37,721				
Transfers out										
Net Change in Fund Balances	2,034	882	3,921	(366,567)	142,038	-	-	(31,794)	422,926	-
Fund Balances at Beginning of Year	-	33,881	323,611	628,733	(84,284)	140	(25)	153,639	441,666	-
Fund Balances at End of Year	<u>\$ 2,034</u>	<u>\$ 34,763</u>	<u>\$ 327,532</u>	<u>\$ 262,166</u>	<u>\$ 57,754</u>	<u>\$ 140</u>	<u>\$ (25)</u>	<u>\$ 121,845</u>	<u>\$ 864,592</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Special Revenue

	Park and Recreation	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Foote	Sewer Utility Fund	FEMA Fund	LOCIP Fund	Total
Revenues:											
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$ 2,556,681	\$	\$	\$ 2,558,698
Intergovernmental revenues		323,871		329		98,416		79,858	19,154		4,897,355
Sales and services	341,806	7,879				31,302		494,549			1,425,275
Investment income	568	18	138	5,623	32	90		25,063			32,322
Other	63,371	171,662	58,813	19,654	12,531	9,191	30,000	550		154,333	520,119
Sale of food											684,811
Total revenues	<u>405,745</u>	<u>503,430</u>	<u>58,951</u>	<u>25,606</u>	<u>12,563</u>	<u>138,999</u>	<u>30,000</u>	<u>3,156,701</u>	<u>19,154</u>	<u>154,333</u>	<u>10,118,580</u>
Expenditures:											
Current:											
General government		34,322									34,322
Public safety		182,227				239,276					421,503
Public works and highway		349,771						2,532,076	27,020		3,238,505
Parks, recreation and libraries	366,705			22,384							389,089
Health and human services		208,344	68,072		3,178						713,120
Education							14,533				4,894,595
Capital outlay										154,333	225,060
Total expenditures	<u>366,705</u>	<u>774,664</u>	<u>68,072</u>	<u>22,384</u>	<u>3,178</u>	<u>239,276</u>	<u>14,533</u>	<u>2,532,076</u>	<u>27,020</u>	<u>154,333</u>	<u>9,916,194</u>
Excess (Deficiency) of Revenues over Expenditures	39,040	(271,234)	(9,121)	3,222	9,385	(100,277)	15,467	624,625	(7,866)	-	202,386
Other Financing Sources (Uses):											
Transfers in		75,000				144,095		600,000			1,093,390
Transfers out								(948,822)			(948,822)
Net Change in Fund Balances	39,040	(196,234)	(9,121)	3,222	9,385	43,818	15,467	275,803	(7,866)	-	346,954
Fund Balances at Beginning of Year	<u>391,189</u>	<u>918,930</u>	<u>82,721</u>	<u>108,365</u>	<u>451,409</u>	<u>94,654</u>	<u>5,412</u>	<u>3,823,274</u>	<u>131,208</u>	<u>-</u>	<u>7,504,523</u>
Fund Balances at End of Year	<u>\$ 430,229</u>	<u>\$ 722,696</u>	<u>\$ 73,600</u>	<u>\$ 111,587</u>	<u>\$ 460,794</u>	<u>\$ 138,472</u>	<u>\$ 20,879</u>	<u>\$ 4,099,077</u>	<u>\$ 123,342</u>	<u>\$ -</u>	<u>\$ 7,851,477</u>

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TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

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	Permanent Fund					Total	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant		
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$ -	\$ 2,558,698
Intergovernmental revenues						-	4,897,355
Sales and services						-	1,425,275
Investment income	28,967	6	7	51	87	29,118	61,440
Other						-	520,119
Sale of food						-	684,811
Total revenues	<u>28,967</u>	<u>6</u>	<u>7</u>	<u>51</u>	<u>87</u>	<u>29,118</u>	<u>10,147,698</u>
Expenditures:							
Current:							
General government						-	34,322
Public safety						-	421,503
Public works and highway						-	3,238,505
Parks, recreation and libraries						-	389,089
Health and human services						-	713,120
Education		125		500		625	4,895,220
Capital outlay						-	225,060
Total expenditures	<u>-</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>625</u>	<u>9,916,819</u>
Excess (Deficiency) of Revenues over Expenditures	28,967	(119)	7	(449)	87	28,493	230,879
Other Financing Sources (Uses):							
Transfers in						-	1,093,390
Transfers out						-	(948,822)
Net Change in Fund Balances	28,967	(119)	7	(449)	87	28,493	375,447
Fund Balances at Beginning of Year	<u>149,400</u>	<u>4,810</u>	<u>5,168</u>	<u>37,186</u>	<u>62,024</u>	<u>258,588</u>	<u>7,763,111</u>
Fund Balances at End of Year	<u>\$ 178,367</u>	<u>\$ 4,691</u>	<u>\$ 5,175</u>	<u>\$ 36,737</u>	<u>\$ 62,111</u>	<u>\$ 287,081</u>	<u>\$ 8,138,558</u>

TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 9,994,712	\$ 2,262,777	\$ 1,096,569	\$	\$ 13,354,058
Accounts receivable	483,982				483,982
Due from other funds		62,211		(2,211)	60,000
Total assets	<u>10,478,694</u>	<u>2,324,988</u>	<u>1,096,569</u>	<u>(2,211)</u>	<u>13,898,040</u>
Liabilities:					
Accounts payable	419,600	1,402			421,002
Claims incurred not reported	829,000	1,358,104	1,435,670		3,622,774
Due to other funds			2,211	(2,211)	-
Total liabilities	<u>1,248,600</u>	<u>1,359,506</u>	<u>1,437,881</u>	<u>(2,211)</u>	<u>4,043,776</u>
Net Position:					
Unrestricted	<u>\$ 9,230,094</u>	<u>\$ 965,482</u>	<u>\$ (341,312)</u>	<u>\$ -</u>	<u>\$ 9,854,264</u>

TOWN OF BRANFORD, CONNECTICUT

INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 11,916,910	\$ 1,117,861	\$ 310,000	\$ 13,344,771
Others	324,447			324,447
Total operating revenues	<u>12,241,357</u>	<u>1,117,861</u>	<u>310,000</u>	<u>13,669,218</u>
Operating Expenses:				
Benefit claims	9,410,752	1,194,082	252,826	10,857,660
Claims administration	1,325,024	62,331		1,387,355
Total operating expenses	<u>10,735,776</u>	<u>1,256,413</u>	<u>252,826</u>	<u>12,245,015</u>
Operating Income (Loss)	1,505,581	(138,552)	57,174	1,424,203
Nonoperating Income - Interest Income	<u>1,081</u>	<u>1,352</u>	<u>306</u>	<u>2,739</u>
Change in Net Position	1,506,662	(137,200)	57,480	1,426,942
Net Position at Beginning of Year	<u>7,723,432</u>	<u>1,102,682</u>	<u>(398,792)</u>	<u>8,427,322</u>
Net Position at End of Year	<u>\$ 9,230,094</u>	<u>\$ 965,482</u>	<u>\$ (341,312)</u>	<u>\$ 9,854,264</u>

TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Medical Fund</u>	<u>Workers' Compensation Fund</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received for benefits	\$ 12,257,920	\$ 1,055,910	\$ 310,000	\$ 13,623,830
Cash paid for benefits and administration	(10,414,881)	(979,194)	(174,384)	(11,568,459)
Net cash provided by operating activities	<u>1,843,039</u>	<u>76,716</u>	<u>135,616</u>	<u>2,055,371</u>
Cash Flows from Investing Activities:				
Interest income	<u>1,081</u>	<u>1,352</u>	<u>306</u>	<u>2,739</u>
Net Increase in Cash and Cash Equivalents	1,844,120	78,068	135,922	2,058,110
Cash and Cash Equivalents at Beginning of Year	<u>8,150,592</u>	<u>2,184,709</u>	<u>960,647</u>	<u>11,295,948</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,994,712</u>	<u>\$ 2,262,777</u>	<u>\$ 1,096,569</u>	<u>\$ 13,354,058</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 1,505,581	\$ (138,552)	\$ 57,174	\$ 1,424,203
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	16,563	260		16,823
Increase in due from other funds		(62,211)		(62,211)
Increase in payables	320,895	277,219	76,231	674,345
Increase in due to other funds			<u>2,211</u>	<u>2,211</u>
Net Cash Provided by Operating Activities	<u>\$ 1,843,039</u>	<u>\$ 76,716</u>	<u>\$ 135,616</u>	<u>\$ 2,055,371</u>

TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Branford Conservation Commission				
Assets:				
Cash and cash equivalents	\$ <u>1,595</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,597</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,595</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,597</u>
Shellfish Commission				
Assets:				
Cash and cash equivalents	\$ <u>195,350</u>	\$ <u>27,337</u>	\$ <u>8,065</u>	\$ <u>214,622</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>195,350</u>	\$ <u>27,337</u>	\$ <u>8,065</u>	\$ <u>214,622</u>
Academy-On-The-Green				
Assets:				
Cash and cash equivalents	\$ <u>37,396</u>	\$ <u>116</u>	\$ <u>15,000</u>	\$ <u>22,512</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>37,396</u>	\$ <u>116</u>	\$ <u>15,000</u>	\$ <u>22,512</u>

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TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Volunteer Firemen's Pension Fund				
Assets:				
Cash and cash equivalents	\$ 759	\$ 2,105	\$	\$ 2,864
Investments	<u>423,152</u>	<u>113,104</u>	<u>41,306</u>	<u>494,950</u>
Total Assets	<u>\$ 423,911</u>	<u>\$ 115,209</u>	<u>\$ 41,306</u>	<u>\$ 497,814</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 423,911</u>	<u>\$ 115,209</u>	<u>\$ 41,306</u>	<u>\$ 497,814</u>
Branford Medical Transit				
Assets:				
Cash and cash equivalents	<u>\$ 38,311</u>	<u>\$ 14,913</u>	<u>\$ 10,829</u>	<u>\$ 42,395</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 38,311</u>	<u>\$ 14,913</u>	<u>\$ 10,829</u>	<u>\$ 42,395</u>

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TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Commission on Services For the Elderly				
Assets:				
Cash and cash equivalents	\$ 105,184	\$ 77,381	\$ 54,815	\$ 127,750
Liabilities:				
Due to students, employees and other groups	\$ 105,184	\$ 77,381	\$ 54,815	\$ 127,750
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 795,351	\$ 1,779,918	\$ 1,995,070	\$ 580,199
Liabilities:				
Due to students, employees and other groups	\$ 795,351	\$ 1,779,918	\$ 1,995,070	\$ 580,199

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TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Developer Bond Funds				
Assets:				
Cash and cash equivalents	\$ 511,249	\$ 104,741	\$ 187,836	\$ 428,154
Liabilities:				
Due to students, employees and other groups	\$ 511,249	\$ 104,741	\$ 187,836	\$ 428,154
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 1,685,195	\$ 2,006,513	\$ 2,271,615	\$ 1,420,093
Investments	423,152	113,104	41,306	494,950
Total Assets	\$ 2,108,347	\$ 2,119,617	\$ 2,312,921	\$ 1,915,043
Liabilities:				
Due to students, employees and other groups	\$ 2,108,347	\$ 2,119,617	\$ 2,312,921	\$ 1,915,043
Total Liabilities	\$ 2,108,347	\$ 2,119,617	\$ 2,312,921	\$ 1,915,043

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2014

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2014	\$ 89,408
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,616
Reimbursement for revenue loss on: Elderly tax relief	<u>8</u>
Base	<u><u>\$ 91,032</u></u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 204,822	\$	\$	\$	\$
4-1/2 times base		409,645			
3-3/4 times base			341,371		
3-1/4 times base				295,854	
3 times base					273,096
Total debt limitation	<u>204,822</u>	<u>409,645</u>	<u>341,371</u>	<u>295,854</u>	<u>273,096</u>
Indebtedness:					
Bonds payable	23,725	2,961	16,564		
Bonds authorized and unissued	2,160	5,956			
School building grants receivables		(427)			
Total indebtedness	<u>25,885</u>	<u>8,490</u>	<u>16,564</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u><u>\$ 178,937</u></u>	<u><u>\$ 401,155</u></u>	<u><u>\$ 324,806</u></u>	<u><u>\$ 295,854</u></u>	<u><u>\$ 273,096</u></u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$637,225.