

TOWN OF BRANFORD, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2015

TOWN OF BRANFORD, CONNECTICUT
TABLE OF CONTENTS
JUNE 30, 2015

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

Exhibit

	Basic Financial Statements:	
	Government-Wide Financial Statements:	
I	Statement of Net Position	11
II	Statement of Activities	12
	Fund Financial Statements:	
III	Balance Sheet - Governmental Funds	13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	15-16
V	Statement of Net Position - Proprietary Funds	17
VI	Statement of Revenues, Expenses and Changes in Net Position -	18
VII	Statement of Cash Flows - Proprietary Funds	19
VIII	Statement of Net Position - Fiduciary Funds	20
IX	Statement of Changes in Net Position - Fiduciary Funds	21
	Notes to the Financial Statements	22-58
	Required Supplementary Information	
RSI-1	General Fund - Schedule of Revenues and Other Financing Sources - Budget and Actual	59-61
RSI-2	General Fund - Schedule of Expenditures and Other Financing Uses - Budget and Actual	62-64
RSI-3a	Police Pension Trust Fund - Schedule of Changes in Net Pension Liability and Related Ratios	65
RSI-3b	Volunteer Firefighter's Pension Trust Fund - Schedule of Changes in Net Pension Liability and Related Ratios	66
RSI-4a	Police Pension Trust Fund - Schedule of Employer Contributions	67
RSI-4b	Volunteer Fire Department Pension Trust Fund - Schedule of Employer Contributions	68
RSI-5a	Police Pension Trust Fund - Schedule of Investment Returns	69
RSI-5b	Volunteer Fire Department Pension Trust Fund - Schedule of Investment Returns	70
RSI-6	Teachers Retirement Plan - Schedule of the Town's Proportionate Share of the Net Pension Liability	71
RSI-7	Municipal Employees Retirement System - Schedule of Employer Contributions	72
RSI-8	Municipal Employees Retirement System - Schedule of the Town's Proportionate Share of the Net Pension Liability	73

Combining and Individual Fund Statements and Schedules:

General Fund:

A-1	Comparative Balance Sheet	74
A-2	Report of Tax Collector	75
A-3	Combining Balance Sheet	76
A-4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	78-80
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	81-83

Internal Service Fund:

C-1	Combining Statement of Net Position	84
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position	85
C-3	Combining Statement of Cash Flows	86

Trust Funds:

D-1	Combining Statement of Fiduciary Net Position	87
D-2	Combining Statement of Changes in Net Position	88

Agency Funds:

E	Combining Statement of Changes in Assets and Liabilities	89-90
---	--	-------

Long-Term Debt:

F	Statement of Debt Limitation	91
---	------------------------------	----

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

To the Board of Finance
Town of Branford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2015, 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, 2015 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the Town has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Town of Branford, Connecticut, as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated December 23, 2014, 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, 2014 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 2014 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2014 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, 2014.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2015 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 24, 2015

**TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015. 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 \$10,686.
- During the year, the Town had expenses that were \$10,686 less than the \$119,877 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$109,191 with no new programs added this year. The General Fund reported a fund balance this year of \$24,760.
- The resources available for appropriation were \$2,654 more than budgeted for the General Fund. Expenditures were \$2,085 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 \$117,065 to \$127,785. 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	
	2015	2014 as Restated
Current assets	\$ 82,082	\$ 70,153
Capital assets, net of accumulated depreciation	129,396	130,334
Total assets	<u>211,478</u>	<u>200,487</u>
Deferred outflows of resources	<u>4,031</u>	<u>2,298</u>
Long-term debt outstanding	70,351	69,709
Other liabilities	6,986	11,451
Total liabilities	<u>77,337</u>	<u>81,160</u>
Deferred inflows of resources	<u>10,421</u>	<u>4,560</u>
Net Position:		
Net investment in capital assets	83,128	82,380
Restricted	296	287
Unrestricted	<u>44,327</u>	<u>34,398</u>
Total Net Position	<u>\$ 127,751</u>	<u>\$ 117,065</u>

The Town experienced an increase in net position of its governmental activities of 9.1% 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 \$34,398 at June 30, 2014 to \$44,327 at the end of this year.

The change in unrestricted governmental net position primarily reflects the increase in cash and cash equivalents which drove the increase in current assets.

**TABLE 2
CHANGE IN NET POSITION**

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,572	\$ 9,566
Operating grants and contributions	13,821	14,573
Capital grants and contributions	1,954	945
General revenues:		
Property taxes	93,029	89,806
Grants and contributions not restricted to specific programs	849	823
Unrestricted investment earnings	121	164
Other general revenues	531	528
Total revenues	<u>119,877</u>	<u>116,405</u>
Program expenses:		
General government	6,862	6,292
Public safety	18,733	17,603
Public works and highway	13,319	13,053
Parks, recreation and libraries	3,694	3,501
Health and human services	3,272	2,999
Education	62,352	63,728
Interest debt service	959	1,175
Total program expenses	<u>109,191</u>	<u>108,351</u>
Increase in Net Position	<u>\$ 10,686</u>	<u>\$ 8,054</u>

The Town's total revenues were \$119,877. The total cost of all programs and services was \$109,191. 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 \$2,654 higher than budgeted. Of this amount, \$1,757 resulted from strong current and delinquent property tax collections from prior levies that include interest and penalties. Taxes on the current levy exceeded the budget by \$1,189. 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. Revenues from licenses, permits and fee revenue exceeded the budget by \$195, primarily due to real estate conveyance fees \$113, and building permits \$88. Other income exceeded the budget by \$444 primarily due to better than anticipated results from employee insurance co-pays, premiums on bond issues and disbursements from the Bristol Resource Recovery Facility.

Expenditures were \$2,085 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for oil based products, and municipal solid waste fees combined with vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
General government	\$ 6,862	\$ 6,292	\$ 3,117	\$ 3,895
Public safety	18,733	17,603	16,037	14,677
Public works and highway	13,319	13,053	8,128	8,294
Parks, recreation and libraries	3,694	3,501	3,206	2,885
Health and human services	3,272	2,999	1,957	1,673
Education	62,352	63,728	50,450	50,716
Interest and debt service	959	1,175	949	1,127
Total	\$ 109,191	\$ 108,351	\$ 83,844	\$ 83,267

TOWN FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$47,176, which is an increase from last year's total of \$34,984. The primary reason for the increase can be traced to the capital projects funds which benefited from the issuance of bonds and transfers in from the sewer utility fund.

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$100,815. 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 \$2,085. Revenues were \$2,654 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates and receipt of non-recurring revenue items.

The Town's General Fund balance of \$24,760 reported on Exhibit IV is comprised of four categories: Non-spendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had \$129,396 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 \$938 or 0.7%, less than last year. This decrease reflects depreciation in buildings and infrastructure as well as the disposition of assets.

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

	Governmental Activities	
	2015	2014
Land	\$ 13,714	\$ 13,714
Intangible assets	597	597
Land improvements	1,556	1,512
Buildings	76,188	78,347
Machinery and equipment	8,842	9,143
Construction in progress	4,654	2,164
Infrastructure	23,845	24,857
Total	\$ <u>129,396</u>	\$ <u>130,334</u>

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

The town did not undertake any major infrastructure improvements in FY 2015. The School Ground Road Bridge is listed under the construction in progress category and will be added to infrastructure in 2016. Currently, the Town is leasing space for the public works operation while looking to secure a permanent site. Improvements to pump stations will commence in 2016 and the town is planning major improvements to the Community Center and a renovation to the Walsh Intermediate School. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2015, the Town had \$43,956 in bonds and notes outstanding versus \$43,250 last year – an increase of \$706 or approximately 1.6%. The Town anticipates increasing the long term debt in future years to finance a public works garage, school renovations, pump station improvements and a community center.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, remains at Aa1, after the rating was recalibrated in 2010. The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$662 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when adopting the fiscal-year 2015-2016 budget and corresponding tax rates. However, FY 2016 was the first budget in recent years in which Town officials were confronted with a reduction in the Net Taxable Grand List. This was particularly disconcerting since some property owners faced an increase in their assessment which caused them to experience an unusually higher tax increase. Finally the fiscal challenges at the state level often create uncertainty with regard to municipal funding. Town officials also acknowledged that many property owners continue to grapple with their own economic constraints and job insecurities associated with the slow recovery. Faced with these challenges, officials sought to minimize the increase in 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 \$103,591,727 for 2015-2016, which represents an increase of \$692,368 or 0.7% as compared to the 2014-2015 amended budget. Increased property taxes of approximately \$1.7 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, 2015

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 67,533,429
Investments	5,825,574
Receivables, net	7,975,465
Inventory	27,557
Prepaid items	17,227
Net OPEB asset	702,400
Capital assets not being depreciated	18,965,375
Capital assets being depreciated, net of accumulated depreciation	<u>110,430,858</u>
Total assets	<u>211,477,885</u>
Deferred Outflows of Resources:	
Pension contributions subsequent to the measurement date	2,284,715
Pension differences between actual and projected investment earnings	1,208,909
Pension change in assumptions	15,858
Deferred charge on refunding	<u>521,642</u>
Total deferred outflows of resources	<u>4,031,124</u>
Liabilities:	
Accounts and other payables	5,138,716
Unearned revenue	1,741,131
Other	106,567
Noncurrent liabilities:	
Due within one year	8,844,817
Due in more than one year	<u>61,506,307</u>
Total liabilities	<u>77,337,538</u>
Deferred Inflows of Resources:	
Pension differences between actual and projected investment earnings	2,471,024
Pension difference between expected and actual experience	32,848
Advance property tax collections	<u>7,916,910</u>
Total deferred inflows of resources	<u>10,420,782</u>
Net Position:	
Net investment in capital assets	83,127,935
Restricted for Trusts:	
Expendable	195,173
Nonexpendable	100,420
Unrestricted	<u>44,327,161</u>
Total Net Position	\$ <u>127,750,689</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF ACTIVITIES
JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
Governmental activities:					
General government	\$ 6,862,424	\$ 1,437,754	\$ 437,605	\$ 1,869,952	\$ (3,117,113)
Public safety	18,733,445	2,304,820	307,402	83,710	(16,037,513)
Public works and highway	13,318,934	3,705,844	1,485,699		(8,127,391)
Parks, recreation and libraries	3,693,900	407,229	80,463		(3,206,208)
Health and human services	3,271,819	469,014	845,984		(1,956,821)
Education	62,351,688	1,247,484	10,653,938		(50,450,266)
Interest expense	958,451		9,561		(948,890)
Total	\$ 109,190,661	\$ 9,572,145	\$ 13,820,652	\$ 1,953,662	(83,844,202)
General revenues:					
Property taxes					93,028,744
Grants and contributions not restricted to specific programs					849,424
Unrestricted investment earnings					120,713
Miscellaneous					531,433
Total general revenues					<u>94,530,314</u>
Change in net position					10,686,112
Net Position at Beginning of Year, as Restated					<u>117,064,577</u>
Net Position at End of Year					<u>\$ 127,750,689</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<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	\$ 35,811,869	\$ 7,440,249	\$ 3,378,190	\$ 6,356,860	\$ 52,987,168
Investments	4,988,360			837,214	5,825,574
Receivables, net	5,101,301	507,131	512,145	1,546,656	7,667,233
Due from other funds		6,722,993		96,202	6,819,195
Inventories				27,557	27,557
Other assets	17,227				17,227
Total Assets	<u>\$ 45,918,757</u>	<u>\$ 14,670,373</u>	<u>\$ 3,890,335</u>	<u>\$ 8,864,489</u>	<u>\$ 73,343,954</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,417,701	\$ 370,712		\$ 1,107,606	\$ 4,896,019
Due to other funds	5,139,195		1,100,000	580,000	6,819,195
Unearned revenue	1,018,617	287,128		425,385	1,731,130
Other	106,567				106,567
Total liabilities	<u>9,682,080</u>	<u>657,840</u>	<u>1,100,000</u>	<u>2,112,991</u>	<u>13,552,911</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,356,212				2,356,212
Unavailable revenue - interest on property taxes	1,092,820				1,092,820
Unavailable revenue - special assessments			512,146	205,486	717,632
Unavailable revenue - loans receivable				421,416	421,416
Unavailable revenue - school building grants	110,548				110,548
Advance property tax collections	7,916,910				7,916,910
Total deferred inflows of resources	<u>11,476,490</u>	<u>-</u>	<u>512,146</u>	<u>626,902</u>	<u>12,615,538</u>
Fund Balances:					
Nonspendable	17,227			127,977	145,204
Restricted		14,012,533	2,278,189	3,043,369	19,334,091
Committed	65,523			2,953,250	3,018,773
Assigned	3,177,321				3,177,321
Unassigned	21,500,116				21,500,116
Total fund balances	<u>24,760,187</u>	<u>14,012,533</u>	<u>2,278,189</u>	<u>6,124,596</u>	<u>47,175,505</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 45,918,757</u>	<u>\$ 14,670,373</u>	<u>\$ 3,890,335</u>	<u>\$ 8,864,489</u>	<u>\$ 73,343,954</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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

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

Fund balances - total governmental funds (Exhibit III)	\$	47,175,505
--	----	------------

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

Governmental capital assets	\$ 250,530,159	
Less accumulated depreciation	<u>(121,133,926)</u>	
Net capital assets		129,396,233

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

Net OPEB asset	702,400
Property tax receivables greater than 60 days	2,356,212
Interest receivable on property taxes	1,092,820
Assessments receivable	717,631
Housing loans receivable	421,416
Receivable from the state for school construction projects	100,548
Deferred outflows relating to pension contributions subsequent to the plan measurement date	2,284,715
Deferred outflows relating to pension differences between actual and projected investment earnings	1,208,909
Deferred outflows relating to pension change in assumptions	15,858

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.

11,230,780

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

Net pension liability	(14,726,387)
Deferred inflows relating to differences between actual and projected investment earnings	(2,471,024)
Deferred inflows relating to differences between expected and actual experience	(32,848)
Bonds and notes payable	(43,956,022)
Interest payable on bonds and notes	(248,948)
Compensated absences	(3,978,833)
Capital lease	(273,855)
Bond premium	(2,560,063)
Deferred charge on refunding	521,642
Landfill	<u>(1,226,000)</u>

Net Position of Governmental Activities (Exhibit I)	\$	<u><u>127,750,689</u></u>
---	----	---------------------------

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, 2015**

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 93,137,810	\$	\$	\$	\$ 93,137,810
Assessments and interest			331,496	2,678,963	3,010,459
Intergovernmental	8,421,875	1,953,662		5,853,871	16,229,408
Charges for services	3,902,827			2,225,992	6,128,819
Income on investments	96,538	1,248	1,528	17,896	117,210
Miscellaneous	1,326,609	88,223		380,793	1,795,625
Total revenues	<u>106,885,659</u>	<u>2,043,133</u>	<u>333,024</u>	<u>11,157,515</u>	<u>120,419,331</u>
Expenditures:					
Current:					
General government	4,577,804	267,229		14,137	4,859,170
Public safety	11,194,526			479,347	11,673,873
Public works and highway	4,887,447		3,063	3,164,211	8,054,721
Parks, recreation and libraries	2,417,157	41,955		364,642	2,823,754
Health and human services	1,878,460			666,733	2,545,193
Education	57,416,360			4,883,763	62,300,123
Pension and insurance	11,799,871				11,799,871
Capital outlay		5,212,081		151,319	5,363,400
Debt service	6,553,266	39,113			6,592,379
Total expenditures	<u>100,724,891</u>	<u>5,560,378</u>	<u>3,063</u>	<u>9,724,152</u>	<u>116,012,484</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,160,768</u>	<u>(3,517,245)</u>	<u>329,961</u>	<u>1,433,363</u>	<u>4,406,847</u>
Other Financing Sources (Uses):					
Transfers in	524,481	8,335,250		872,156	9,731,887
Transfers out	(5,412,406)			(4,319,481)	(9,731,887)
Proceeds from bond issuance		7,265,000			7,265,000
Bond premiums	354,480				354,480
Refunding Bond premiums	2,083,783				2,083,783
Proceeds from refunding bond issuance	19,655,000				19,655,000
Payments to escrow agents	(21,573,605)				(21,573,605)
Total other financing sources (uses)	<u>(4,368,267)</u>	<u>15,600,250</u>	<u>-</u>	<u>(3,447,325)</u>	<u>7,784,658</u>
Net Change in Fund Balances	1,792,501	12,083,005	329,961	(2,013,962)	12,191,505
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 24,760,187</u>	<u>\$ 14,012,533</u>	<u>\$ 2,278,189</u>	<u>\$ 6,124,596</u>	<u>\$ 47,175,505</u>

(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, 2015**

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) \$ 12,191,505

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	4,278,153
Depreciation expense	(5,119,038)

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. (96,682)

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	(326,239)
Property tax receivable - accrual basis change	(91,472)
Property tax interest and lien revenue - accrual basis change	(17,594)
Sewer assessment receivable - accrual basis change	(124,699)
Housing loans receivable	13,943
Change in deferred outflows relating to pension contributions subsequent to the measurement date	59,739
Change in deferred outflows relating to pension differences between actual and projected investment earnings	1,208,909
Change in deferred outflows relating to pension change in assumptions	15,858

Change in pension and OPEB assets and liabilities

Change in net OPEB asset	(31,100)
Change in net pension liability	1,867,056

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:

Bonds issued	(7,265,000)
Bond and note principal payments	5,179,292
Capital lease payments	95,937
Refunding bonds issued	(19,655,000)
Payments to bond refunding agent	21,573,605
Bond issuance premium	(2,438,263)

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	91,859
Accrued interest	38,208
Amortization of deferred charge on refunding	(90,004)
Amortization of bond premiums	410,495
Change in deferred inflows relating to differences between actual and projected investment earnings	(2,471,024)
Change in deferred inflows relating to differences between expected and actual experience	(32,848)
Landfill post closure care	44,000

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.

1,376,516

Change in Net Position of Governmental Activities (Exhibit II) \$ 10,686,112

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015**

	Governmental Activities
	Internal Service Funds
	<hr/>
Assets:	
Cash and cash equivalents	\$ 14,546,261
Accounts receivable	383,738
	<hr/>
Total assets	14,929,999
	<hr/>
Liabilities:	
Accounts and other payables	69,255
Risk management claims	3,629,964
	<hr/>
Total liabilities	3,699,219
	<hr/>
Net Position:	
Unrestricted	\$ 11,230,780
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2015**

	Governmental Activities
	Internal Service Funds
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 14,002,908
Other	304,584
Total contributions	<hr/> 14,307,492
Operating Expenses:	
Benefit claims	11,240,033
Claims administration	1,694,446
Total operating expenses	<hr/> 12,934,479
Operating Income	1,373,013
Nonoperating Revenue:	
Income on investments	<hr/> 3,503
Change in Net Position	1,376,516
Net Position at Beginning of Year	<hr/> 9,854,264
Net Position at End of Year	<hr/> <hr/> \$ 11,230,780

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, 2015**

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 14,469,947
Cash payments to providers of benefits and administration	<u>(13,281,247)</u>
Net cash provided by operating activities	1,188,700
Cash Flows from Investing Activities:	
Income on investments	<u>3,503</u>
Net Increase in Cash and Cash Equivalents	1,192,203
Cash and Cash Equivalents at Beginning of Year	<u>13,354,058</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 14,546,261</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,373,013
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in receivables	100,244
Increase in due from other funds	62,211
Increase in accounts payable	(344,557)
Increase in due to other funds	<u>(2,211)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 1,188,700</u></u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2015**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 302,415	\$ 1,518,813
Investments - mutual funds	18,449,644	
Investments - bonds	<u>14,090,925</u>	
Total assets	<u>32,842,984</u>	<u>\$ 1,518,813</u>
Liabilities:		
Accounts payable	2,187	
Due to students and others	<u> </u>	<u>\$ 1,518,813</u>
Total liabilities	<u>2,187</u>	<u>\$ 1,518,813</u>
Net Position:		
Held in Trust for Pension or Retiree Benefits	<u>\$ 32,840,797</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, 2015**

	<u>Trust Funds</u>
Additions:	
Contributions:	
Employer	\$ 2,768,700
Plan members	955,515
Total contributions	<u>3,724,215</u>
Net investment income	<u>55,103</u>
Total additions	<u>3,779,318</u>
Deductions:	
Benefits	2,685,807
Administration	<u>19,615</u>
Total deductions	<u>2,705,422</u>
Net Increase in Net Position	1,073,896
Net Position at the Beginning of Year	<u>31,766,901</u>
Net Position at the End of Year	<u>\$ 32,840,797</u>

The accompanying notes are an integral part of the financial statements

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

The Pension 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.

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

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

G. Capital Assets

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

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

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

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

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

H. Deferred Outflows/Inflows of Resources

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

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

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

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

I. Compensated Absences

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

J. Long-Term Obligations

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

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

K. Fund Equity

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

Net Investment in Capital Assets

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

Restricted Net Position

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

Unrestricted Net Position

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

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

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations of \$497,642; \$247,642 from unanticipated revenue and \$250,000 from fund balance for the year ended June 30, 2015.

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

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

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 Heart and Hypertension Fund, an internal service fund, had a deficit of \$250,792. This deficit will be funded by future transfers.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

Deposit Custodial Credit Risk

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

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$38,284,285 of the Town’s bank balance of \$49,712,169 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 9,970,010
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name, and amounts held by third-party banks in the Town’s name	<u>28,314,275</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 38,284,285</u>

Cash Equivalents

At June 30, 2015, the Town’s cash equivalents amounted to \$26,984,271. The following table provides a summary of the Town’s cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

As of June 30, 2015, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1-10	Greater Than 10
Interest-bearing investments:					
U.S. treasury notes	N/A	\$ 4,492,958	\$ 40,464	\$ 3,691,586	\$ 760,908
Other debt securities	AAA	1,703,836		336,820	1,367,016
Municipal bonds	AA	149,727		149,727	
Corporate bonds	A-AAA	6,372,224	700,493	4,779,177	892,554
Corporate bonds	B-BBB-	444,507	26,094	418,413	
Certificates of deposit*	N/A	5,536,489	<u>3,011,118</u>	<u>2,525,371</u>	
Subtotal			<u>\$ 3,778,169</u>	<u>\$ 11,901,094</u>	<u>\$ 3,020,478</u>
Other investments:					
Common stock	N/A	24,414			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds	N/A	<u>19,641,988</u>			
Total		<u>\$ 38,366,143</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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

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	\$ 1,092,820	\$	\$	\$	\$ 1,092,820
Taxes	3,327,096				3,327,096
Accounts	893,988			389,625	1,283,613
Special assessments			512,145	201,500	713,645
Intergovernmental	301,014	507,131		917,853	1,725,998
Loans				421,416	421,416
Gross receivables	<u>5,614,918</u>	<u>507,131</u>	<u>512,145</u>	<u>1,930,394</u>	<u>8,564,588</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 5,101,301</u>	<u>\$ 507,131</u>	<u>\$ 512,145</u>	<u>\$ 1,930,394</u>	<u>\$ 8,050,971</u>

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

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,714,178	\$	\$	\$ 13,714,178
Intangible assets	596,800			596,800
Construction in progress	2,164,284	2,490,113		4,654,397
Total capital assets not being depreciated	<u>16,475,262</u>	<u>2,490,113</u>	<u>-</u>	<u>18,965,375</u>
Capital assets being depreciated:				
Buildings and improvements	116,131,235	392,643		116,523,878
Improvements other than buildings	2,496,118	152,583		2,648,701
Machinery and equipment	26,298,253	1,047,399	(382,699)	26,962,953
Infrastructure	85,233,837	195,415		85,429,252
Total capital assets being depreciated	<u>230,159,443</u>	<u>1,788,040</u>	<u>(382,699)</u>	<u>231,564,784</u>
Less accumulated depreciation for:				
Buildings and improvements	37,783,948	2,552,205		40,336,153
Improvements other than buildings	983,993	109,100		1,093,093
Machinery and equipment	17,155,380	1,251,450	(286,017)	18,120,813
Infrastructure	60,377,584	1,206,283		61,583,867
Total accumulated depreciation	<u>116,300,905</u>	<u>5,119,038</u>	<u>(286,017)</u>	<u>121,133,926</u>
Total capital assets being depreciated, net	<u>113,858,538</u>	<u>(3,330,998)</u>	<u>(96,682)</u>	<u>110,430,858</u>
Governmental Activities Capital Assets, Net	<u>\$ 130,333,800</u>	<u>\$ (840,885)</u>	<u>\$ (96,682)</u>	<u>\$ 129,396,233</u>

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

Governmental activities:	
General government	\$ 132,616
Public safety	845,798
Public works	2,434,658
Parks, recreation and libraries	77,529
Health and welfare	33,597
Education	<u>1,594,840</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,119,038</u>

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

Active Capital Projects

The Town has active projects as of June 30, 2015. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
WIS Roof & Window Replacement	\$ 1,961,133	\$ 1,961,133	\$	\$ -
Tabor Drive Acquisition	13,875,000	13,844,478		30,522
Fire Headquarters	12,500,000	12,489,278		10,722
Radio Control System Upgrade	1,650,000	1,514,468		135,532
BOE Roofs	699,870	699,870		-
School Ground Road Bridge	4,975,000	4,070,743	558,744	345,513
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	180,000	135,600		44,400
Pump Station Upgrades	2,500,000			2,500,000
Harbor Street Culvert Repairs	1,565,000	12,851		1,552,149
Stony Creek Dredging	150,000			150,000
Community Center Improvements	500,000			500,000
Branford Hills Demolition	560,000			560,000
BHS Track and Field Improvements	750,000			750,000
Branford High School Roof	250,000			250,000
BOE Bathroom Renovations	150,000			150,000
WIS Pool	185,000			185,000

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2015 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 96,202
Capital Projects Fund	General Fund	5,042,993
Capital Projects Fund	Nonmajor Governmental Funds	580,000
Capital Projects Fund	Sewer Assessment Fund	1,100,000
Total		<u>\$ 6,819,195</u>

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

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

Interfund transfers:

	Transfers In			
	General Fund	Capital Projects	Nonmajor Governmental	Total Transfers Out
Transfers out:				
General Fund	\$	\$ 4,540,250	\$ 872,156	\$ 5,412,406
Nonmajor Governmental	<u>524,481</u>	<u>3,795,000</u>	<u> </u>	<u>4,319,481</u>
 Total Transfers In	 \$ <u>524,481</u>	 \$ <u>8,335,250</u>	 \$ <u>872,156</u>	 \$ <u>9,731,887</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, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 28,120,000	\$ 26,920,000	\$ 24,735,000	\$ 30,305,000	\$ 5,445,000
Clean water notes	15,130,314		1,479,292	13,651,022	1,509,130
Less deferred amounts:					
For issuance premiums	<u>532,295</u>	<u>2,438,263</u>	<u>410,495</u>	<u>2,560,063</u>	<u> </u>
Total bonds and notes payable	43,782,609	29,358,263	26,624,787	46,516,085	6,954,130
Landfill closure	1,270,000		44,000	1,226,000	66,000
Net pension liability	16,593,443		1,867,056	14,726,387	
Compensated absences	4,070,692		91,859	3,978,833	143,497
Risk management claims	3,622,774	14,266,274	14,259,084	3,629,964	1,581,642
Capital leases	<u>369,792</u>	<u> </u>	<u>95,937</u>	<u>273,855</u>	<u>99,548</u>
 Total Governmental Activities Long-Term Liabilities	 \$ <u>69,709,310</u>	 \$ <u>43,624,537</u>	 \$ <u>42,982,723</u>	 \$ <u>70,351,124</u>	 \$ <u>8,844,817</u>

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

A schedule of bonds and notes outstanding at June 30, 2015 is presented below:

	<u>Balance June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
General Obligation:				
School, 0.85-4.0%, mature in 2015	\$ 140,000	\$	\$ 140,000	\$ -
School, 2.0-4.0%, mature on 2015	622,000		622,000	-
School, 0.85-4.0%, mature in 2018	519,000		519,000	-
School, 2.0-4.0%, mature in 2017		444,000		444,000
School, 2.0-4.0%, mature in 2017		1,265,000		1,265,000
School, 2.0-4.0%, mature in 2018		205,000		205,000
School, 4.0-5.0%, mature in 2025	1,680,000		1,535,000	145,000
School, 2.0-5.0%, mature in 2022		1,311,000		1,311,000
Public improvement sewer, 2.0-4.0%, mature in 2011		700,000		700,000
Public improvement sewer, 2.0-4.0%, mature in 2011		3,700,000		3,700,000
Public improvement sewer, 2.0-4.0%, mature in 2018		595,000		595,000
Public improvement sewer, 0.85-4.0%, mature in 2018	1,037,000		1,037,000	-
Public improvement, 2.0-4.0%, mature in 2018	1,818,000		1,238,000	580,000
Public improvement sewer, 2.0-5.0%, mature in 2012		16,269,000		16,269,000
Public improvement, 3.375-5.0%, mature in 2025	9,040,000		8,260,000	780,000
Public improvement, 2.0-4.0%, mature in 2026	11,830,000		9,980,000	1,850,000
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2016	55,000		25,000	30,000
Sewer, 0.85-4.0%, mature in 2018	1,379,000		1,379,000	-
Sewer, 2.0-4.0%, mature in 2018		1,500,000		1,500,000
Sewer, 2.0-4.0%, mature in 2017		931,000		931,000
Total Bonds	28,120,000	26,920,000	24,735,000	30,305,000
State of Connecticut, CWF, 2%, mature in 2019	327,356		74,542	252,814
State of Connecticut, CWF, 2%, mature in 2022	8,841,287		995,692	7,845,595
State of Connecticut, CWF, 2% mature in 2027	4,183,489		293,156	3,890,333
State of Connecticut, CWF, 2% mature in 2028	1,778,182		115,902	1,662,280
Total Bonds and Notes	\$ 43,250,314	\$ 26,920,000	\$ 26,214,292	\$ 43,956,022

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

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,954,130	\$ 1,064,664	\$ 8,018,794
2017	6,914,591	1,012,426	7,927,017
2018	6,980,667	818,700	7,799,367
2019	5,081,661	676,049	5,757,710
2020	4,387,337	539,356	4,926,693
2021-2025	12,658,361	793,324	13,451,685
2026-2028	<u>979,275</u>	<u>20,324</u>	<u>999,599</u>
Total	<u>\$ 43,956,022</u>	<u>\$ 4,924,843</u>	<u>\$ 48,880,865</u>

Advance Refunding

On August 14, 2014, the Town issued \$2,075,000 in general obligation bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$2,165,000 of outstanding 2009, general obligation refunding bonds which had interest rates ranging from 3.00 to 3.25%. The net proceeds of \$2,187,510 (including a \$123,683 premium and after payment of \$2,063 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2009 general obligation refunding bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$31,620. This amount is being amortized over the remaining life of the refunding debt. The government advance refunded 2009 general obligation refunding bonds to reduce its total debt service payments over four years by \$165,996 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$153,047.

On May 5, 2015, the Town issued \$17,580,000 in general obligation bonds with interest rates ranging from 2.0% to 5.0%. The proceeds were used to advance refund \$18,870,000 of outstanding 2010 General Obligation bonds, 2011 General Obligation Refunding bonds, and 2011 Series B General Obligation bonds, which had interest rates ranging from 2.00 to 4.00%. The net proceeds of \$19,376,985 (including a \$1,960,100 premium and after payment of \$163,115 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2010 General Obligation bonds, 2011 General Obligation Refunding bonds, and 2011 Series B General Obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$506,985. This amount is being amortized over the remaining life of the refunding debt. The Town advance refunded 2010 General Obligation bonds, 2011 General Obligation Refunding bonds, and 2011 Series B General Obligation bonds to reduce its total debt service payments over 12 years by \$1,648,003 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,131,293.

In the current years, the government defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2015, \$18,870,000 of defeased bonds remains outstanding.

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

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Bonds Authorized Unissued

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued and Paydowns</u>	<u>Bonds Authorized Unissued</u>
School Ground Road Bridge	\$ 4,975,000	\$ 988,875	\$ 3,986,125
Stony Creek Dredging	150,000	45,000	105,000
Harbor Street Culvert	1,565,000	150,000	1,415,000
Branford Hills Demolition	560,000	200,000	360,000
BOE Capital Projects 2015	1,550,000	523,894	1,026,106
Pump Station Renovations	2,500,000	1,500,000	1,000,000
Community Center Design	500,000	200,000	300,000
FY 2014 Town Capital Improvements	1,020,000	885,000	135,000

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	\$ 212,638	\$ 10,511	\$ 202,127
Schools	425,276	4,295 *	420,981
Sewers	354,397	37,376	317,021
Urban renewal	307,144		307,144
Pension deficit	283,517		283,517

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$661,540.

* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$101.

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

Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2015 were \$95,937. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 108,003
2017	108,003
2018	<u>72,003</u>
Total minimum lease payments	288,009
Less amount representing interest	<u>(14,154)</u>
Present Value of Minimum Lease Payments	<u>\$ 273,855</u>

8. RISK MANAGEMENT

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

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

The claims liability of \$1,487,285 reported in the Internal Service Fund at June 30, 2015 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2013-2014	\$ 1,080,910	\$ 977,786	\$ 700,592	\$ 1,358,104
2014-2015	1,358,104	1,811,755	1,682,574	1,487,285

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

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 \$1,304,679 at June 30, 2015 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2013-2014	\$ 1,359,439	\$ 250,615	\$ 174,384	\$ 1,435,670
2014-2015	1,435,670	13,822	144,813	1,304,679

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 \$838,000 at June 30, 2015 is based on GASB Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2013-2014	\$ 775,946	\$ 12,040,495	\$ 11,987,441	\$ 829,000
2014-2015	829,000	12,440,697	12,431,697	838,000

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

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

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	\$ 26,000
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>1,226,000</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. General Fund balance for fiscal year ended June 30, 2015 as reflected in BRRFOC's financial statements is \$7.3 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

A. Pension Trust Funds

Plan Description and Benefits Provided

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

Police Employees Retirement Plan

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

Volunteer Fire Department Pension Plan

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

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

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

At July 1, 2014 and January 1, 2015 for the Police employees retirement plan and the volunteer fire department pension plan (date of latest valuations), plan membership consisted of the following, respectively:

	Police Employees Retirement Plan	Volunteer Fire Department Pension Plan
Retirees, disabled and beneficiaries currently receiving benefits	46	17
Terminated employees entitled to benefits but not yet receiving them	2	
Active plan members	<u>40</u>	<u>203</u>
Total Participants	<u><u>88</u></u>	<u><u>220</u></u>

Investments

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

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

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

Rate of Return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, were 0.32%, and (0.04)% for the Police employees retirement plan and the volunteer fire department pension plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Deferred Retirement Option Program

The police employees retirement plan includes a Deferred Retirement Option Plan (DROP). As of June 30, 2015, one officer has elected the DROP and the DROP balance was \$62,191.

Net Pension Liability of the Town

The components of the net pension liability of the Town at June 30, 2015 were as follows:

	Police Employees Retirement Plan	Volunteer Fire Department Pension Plan
Total pension liability	\$ 28,431,052	\$ 1,148,060
Plan fiduciary net position	<u>21,602,660</u>	<u>518,665</u>
Net Pension Liability	<u>\$ 6,828,392</u>	<u>\$ 629,395</u>
Plan fiduciary net position as a percentage of the total pension liability	75.98%	45.18%

Actuarial Assumptions

Police Employees Retirement Plan

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 inflation	7.0%, net of pension plan investment expense, including

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.

Volunteer Fire Department Pension Plan

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

Changes in the Net Pension Liability

	<u>Police Employees Retirement Plan</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a)-(b)</u>
Balances as of June 30, 2014	\$ 27,324,864	\$ 21,763,547	\$ 5,561,317
Changes for the year:			
Service cost	600,194		600,194
Interest on total pension liability	1,906,563		1,906,563
Employer contributions		898,000	(898,000)
Member contributions		301,069	(301,069)
Net investment income		40,613	(40,613)
Benefit payments, including refund to employee contributions	(1,400,569)	(1,400,569)	-
Net changes	<u>1,106,188</u>	<u>(160,887)</u>	<u>1,267,075</u>
Balances as of June 30, 2015	<u>\$ 28,431,052</u>	<u>\$ 21,602,660</u>	<u>\$ 6,828,392</u>

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

Volunteer Fire Department Pension Plan

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
	<u>(a)</u>	<u>(b)</u>	<u>(a)-(b)</u>
Balances as of June 30, 2014	\$ 1,116,290	\$ 497,814	\$ 618,476
Changes for the year:			
Service cost	13,044		13,044
Interest on total pension liability	77,644		77,644
Differences between expected and actual experience	(34,725)		(34,725)
Changes in assumptions	16,764		16,764
Employer contributions		62,000	(62,000)
Net investment income		(192)	192
Benefit payments, including refund to employee contributions	(40,957)	(40,957)	-
Net changes	<u>31,770</u>	<u>20,851</u>	<u>10,919</u>
Balances as of June 30, 2015	<u>\$ 1,148,060</u>	<u>\$ 518,665</u>	<u>\$ 629,395</u>

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Police Employees Retirement Plan	\$ 10,157,379	\$ 6,828,392	\$ 4,026,965
Volunteer Fire Department Pension Plan	823,693	629,395	472,046

Funding Status and Progress

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

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

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

Pension Plan Fiduciary Net Position

	Pension Trust Funds		
	Police Pension Trust Fund	Volunteer Fire Department Pension Trust Fund	Total Pension Trust Funds
Assets:			
Cash and cash equivalents	\$ 219,947	\$ 6,567	\$ 226,514
Investments - mutual funds	10,515,925	248,303	10,764,228
Investments - bonds	<u>10,866,788</u>	<u>263,795</u>	<u>11,130,583</u>
Total assets	<u>21,602,660</u>	<u>518,665</u>	<u>22,121,325</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 21,602,660</u>	<u>\$ 518,665</u>	<u>\$ 22,121,325</u>

Changes in Pension Net Position

	Pension Trust Funds		
	Police Pension Trust Fund	Volunteer Fire Department Pension Trust Fund	Total Pension Trust Funds
Additions:			
Contributions:			
Employer	\$ 898,000	\$ 62,000	\$ 960,000
Plan members	301,069		301,069
Total contributions	<u>1,199,069</u>	<u>62,000</u>	<u>1,261,069</u>
Net investment income	<u>40,613</u>	<u>(192)</u>	<u>40,421</u>
Total additions	<u>1,239,682</u>	<u>61,808</u>	<u>1,301,490</u>
Deductions:			
Benefits	<u>1,400,569</u>	<u>40,957</u>	<u>1,441,526</u>
Net Increase in Net Position	(160,887)	20,851	(140,036)
Net Position at the Beginning of Year	<u>21,763,547</u>	<u>497,814</u>	<u>22,261,361</u>
Net Position at the End of Year	<u>\$ 21,602,660</u>	<u>\$ 518,665</u>	<u>\$ 22,121,325</u>

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

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

For the year ended June 30, 2015, the Town recognized pension expense of \$1,039,674. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Police Employees Retirement Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earning on pension plan investments	\$ 1,180,299	\$
Total	<u>\$ 1,180,299</u>	<u>\$ -</u>

	<u>Volunteer Fire Department Pension Plan</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$	\$ 32,848
Changes of assumptions	15,858	
Net difference between projected and actual earning on pension plan investments	<u>28,610</u>	
Total	<u>\$ 44,468</u>	<u>\$ 32,848</u>

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

Year Ending June 30,

2016	\$	301,257
2017		301,257
2018		301,257
2019		301,254
2020		(971)
Thereafter		(12,135)

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

B. 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, 2015 is \$272,421. There were 10 participants as of June 30, 2015. Employee contributions and investment earnings through the fiscal year ended June 30, 2015 totaled \$171,588 while employer contributions and earnings totaled \$100,833. Plan provisions and contribution requirements are established by the pension agreement negotiated between the town and police union and adopted by the Representative Town Meeting (RTM) in August 2011.

C. Municipal Employees' Retirement System

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

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

Disability Retirement - Service Connected

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

Disability Retirement - Non-Service Connected

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

Death Benefit

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

Contributions

Member

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

Employer

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

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

At June 30, 2015, the Town reports a liability of \$7,268,600 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation at that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. At June 30, 2015, the Town's proportion was 3.053% percent. The increase or decrease in proportion from June 30, 2014 is not available.

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

For the year ended June 30, 2015, the Town recognized pension expense of \$1,655,928. At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Town contributions after the measurement date	\$ 2,284,715	\$
Net difference between projected and actual earnings on pension plan investments		<u>2,471,024</u>
Total	<u>\$ 2,284,715</u>	<u>\$ 2,471,024</u>

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

Year Ended June 30

2016	\$ 617,756
2017	617,756
2018	617,756
2019	<u>617,756</u>
Total	<u>\$ 2,471,024</u>

Actuarial Assumptions

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

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

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

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

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

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

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

Discount Rate

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

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Town's proportionate share of the net pension liability	\$ 15,977,145	\$ 7,268,600	\$ (67,430)

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

Plan Fiduciary Net Position

The audited amounts as presented in the State of Connecticut's Comprehensive Annual Financial Report as of and for the year ended June 30, 2014 have been adjusted to be in accordance with the requirements of GASB No. 67 and 68. The adjustment to the contribution receivable increased the net position as previously reported from \$2,175,433,000 to \$2,262,724,000. The net pension liability at June 30, 2014 has been calculated using the adjusted amounts.

D. Teachers Retirement

Plan Description

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

Benefit Provisions

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

Normal Retirement

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

Early Retirement

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

Disability Retirement

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

Contributions

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

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

Employer (School Districts)

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

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

Employees

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

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

At June 30, 2015, the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows, due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>64,784,314</u>
Total	\$	<u><u>64,784,314</u></u>

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

For the year ended June 30, 2015, the Town recognized pension expense and revenue of \$4,860,676 in Exhibit II for on-behalf amounts for the benefits provided by the State.

Actuarial Assumptions

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

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

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

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. equities	21.0%	7.3%
Developed non-U.S. equities	18.0%	7.5%
Emerging markets (Non-U.S.)	9.0%	8.6%
Core fixed income	7.0%	1.7%
Inflation linked bond fund	3.0%	1.3%
Emerging market bond	5.0%	4.8%
High yield bonds	5.0%	3.7%
Real estate	7.0%	5.9%
Private equity	11.0%	10.9%
Alternative investments	8.0%	0.7%
Liquidity fund	6.0%	0.0%
Total	<u>100.0%</u>	

Discount Rate

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

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

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

Pension Plan Fiduciary Net Position

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

Other Information

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

12. OTHER POSTEMPLOYMENT BENEFITS

A. Summary of Significant Accounting Policies

Basis of Accounting

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

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

B. Plan Description

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

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

	<u>Post-Retirement Medical Program</u>
Retired members and spouses	113
Active plan members	<u>602</u>
Total Participants	<u><u>715</u></u>

C. Funding Policy

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

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

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

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

D. Annual OPEB Cost and Net OPEB Obligations

The Town 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)	\$ 1,835,900
Interest on net OPEB obligation	(51,300)
Adjustment to annual required contribution	<u>55,200</u>
Annual OPEB cost	1,839,800
Contributions made	<u>1,808,700</u>
Decrease in net OPEB asset	(31,100)
Net OPEB asset at beginning of year	<u>733,500</u>
Net OPEB Asset at End of Year	<u><u>\$ 702,400</u></u>

The Town’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2015, 2014 and 2013, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/15	\$ 1,839,800	\$ 1,808,700	98.31%	\$ 702,400
6/30/14	1,792,600	1,964,000	109.56%	733,500
6/30/13	1,653,400	1,584,500	95.83%	562,100

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

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)
7/1/10	\$ 4,134,000	\$ 17,271,300	\$ (13,137,300)	23.94%	\$ 39,028,800	(33.66%)
7/1/12	5,856,346	20,977,792	(15,121,446)	27.92%	39,169,500	(38.61%)
7/1/14	9,510,785	22,798,733	(13,287,948)	41.72%	48,861,400	(27.20%)

Schedule of Employer Contributions

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

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

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

13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>Major Special Revenue Funds</u>			<u>Nonmajor Governmental Funds</u>	<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 27,557	\$ 27,557
Prepaid items	17,227				17,227
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		14,012,533	2,278,189		16,290,722
Unspent grant balances				2,848,196	2,848,196
Permanent funds				195,173	195,173
Committed to:					
Public works lease	4,064				4,064
General government				386,997	386,997
Public safety				151,709	151,709
Public works and highway				1,215,867	1,215,867
Parks, recreation and libraries				614,651	614,651
Health and human services				518,845	518,845
Education	61,459			65,181	126,640
Assigned to:					
Subsequent year's budget	2,825,000				2,825,000
Purchases on order	352,321				352,321
Unassigned	<u>21,500,116</u>				<u>21,500,116</u>
 Total Fund Balances	 <u>\$ 24,760,187</u>	 <u>\$ 14,012,533</u>	 <u>\$ 2,278,189</u>	 <u>\$ 6,124,596</u>	 <u>\$ 47,175,505</u>

Significant encumbrances of \$404,550, \$931,704, \$1,500 and \$76,040 at June 30, 2015 are contained in the above table in the committed and assigned categories of the General Fund, the restricted category of the Capital Projects Fund, the restricted category of the Sewer Assessment Fund, and the restricted and committed categories of the Nonmajor Governmental Funds respectively.

14. LITIGATION

The Town 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.

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

15. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68:

Net position balance at June 30, 2014, as previously reported	\$ 131,748,537
Adjustments:	
Eliminate net pension assets reported per GASB No. 27	(315,493)
Record net pension liability per GASB No. 68	(16,593,443)
Record deferred outflow of resources related to contributions subsequent to the plan measurement date per GASB No. 71	<u>2,224,976</u>
Net Position Balance at July 1, 2014, as Restated	<u><u>\$ 117,064,577</u></u>

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 89,937,958	\$ 89,937,958	\$ 91,127,050	\$ 1,189,092
Interest Income	480,000	480,000	638,334	158,334
Lien Fees	6,200	6,200	17,744	11,544
Suspense Collections	6,100	6,100	12,455	6,355
Delinquent Taxes	950,000	950,000	1,326,163	376,163
Warrant Fees	200	200	1,154	954
Returned Check Fees	25	25	100	75
Attorney Fees	500	500	4,881	4,381
Motor Vehicle Fees			9,929	9,929
Total taxes	<u>91,380,983</u>	<u>91,380,983</u>	<u>93,137,810</u>	<u>1,756,827</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,902,236	1,902,236	1,891,038	(11,198)
School Transportation	78,094	78,094	79,619	1,525
Health and Welfare	7,000	7,000	7,743	743
Principal Subsidy	150,239	150,239	316,239	166,000
Interest Subsidy	19,560	19,560	19,561	1
Circuit Breaker Elderly	200,000	200,000	214,247	14,247
Elderly Tax Relief - Freeze	8,000	8,000	6,000	(2,000)
Disability Exemption	2,700	2,700	2,729	29
Veterans' Reimbursement	26,357	26,357	26,456	99
Pequot Grant	54,863	54,863	57,869	3,006
Private Property Exemption	113,853	113,853	113,861	8
State Property Exemption	48,326	48,326	58,564	10,238
State Counseling Grants	115,000	115,000	122,254	7,254
Miscellaneous State Grants	40,000	40,000	65,926	25,926
Wildlife Refuge			8,189	8,189
North Branford Probate Fees	4,000	4,000	4,140	140
North Branford Sewer Fees	175,000	175,000	190,466	15,466
Total intergovernmental revenues	<u>2,945,228</u>	<u>2,945,228</u>	<u>3,184,901</u>	<u>239,673</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 450,000	\$ 450,000	\$ 537,653	\$ 87,653
Excavation Permits	4,400	4,400	6,752	2,352
Sewer Connection Permits			167	167
Zoning Board of Appeals	2,000	2,000	2,825	825
Planning and Zoning	19,000	19,000	25,556	6,556
Map Copies - Building and Engineering	1,025	1,025	2,301	1,276
Inland Wetlands Applications	7,000	7,000	9,217	2,217
DEP Application Costs	300	300	590	290
Education Fee	230	230	476	246
Transfer Station Escrow	90,000	90,000	149,945	59,945
Trip Passes	1,500	1,500	766	(734)
Sticker Revenue	10,000	10,000	13,144	3,144
Electrical Revenue Share			18,054	18,054
Permits and Tags - Police	22,000	22,000	5,455	(16,545)
Special Wages - Police	550,000	550,000	452,607	(97,393)
Fingerprinting Fees			11,348	11,348
False Alarm Fees	6,000	6,000	7,700	1,700
Pump Out Services	5,000	5,000	6,725	1,725
Town Clerk Other Monies	340,000	340,000	344,236	4,236
Conveyance Taxes	283,000	283,000	395,734	112,734
DEP Licenses - Town Portion	350	350	392	42
Marriage Licenses - Town Portion	2,500	2,500	2,622	122
Dog Licenses	4,000	4,000	2,360	(1,640)
Ambulance Service Fees	1,530,000	1,530,000	1,495,666	(34,334)
Miscellaneous Permits and Fees - Fire Services	1,900	1,900	1,385	(515)
Counseling Fees and Services	375,000	375,000	397,315	22,315
E-Commerce Revenue Share	3,000	3,000	11,836	8,836
Total licenses, permits and fees	<u>3,708,205</u>	<u>3,708,205</u>	<u>3,902,827</u>	<u>194,622</u>
Interest Income	<u>78,000</u>	<u>78,000</u>	<u>96,446</u>	<u>18,446</u>
Other:				
Willoughby - Wallace Library Fees	5,000	5,000	3,950	(1,050)
Willoughby - Passport Fees	13,500	13,500	8,055	(5,445)
Employee Health Insurance Co-pay	395,000	395,000	487,294	92,294
In Lieu of Taxes - Telephone Access	90,000	90,000	83,020	(6,980)

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other: (Continued)				
In Lieu of Taxes - SCRW	\$ 245,000	\$ 245,000	\$ 261,645	\$ 16,645
Leases	20,000	20,000	26,092	6,092
Building Usage	1,300	1,300	2,400	1,100
NGO Revenue			60	60
Insurance Claims and Refunds	20,000	20,000	49,550	29,550
Miscellaneous Refunds			16,938	16,938
Miscellaneous Income	30,000	277,642	596,421	318,779
Sale of Town Property	115,000	115,000	129,966	14,966
Commerce Bank Revenue Share	5,000	5,000	15,198	10,198
Returned Check Fees			500	500
Under Liquidated Encumbrances			29,544	29,544
Total other	<u>939,800</u>	<u>1,187,442</u>	<u>1,710,633</u>	<u>444,372</u>
Total revenues	99,052,216	99,299,858	102,032,617	2,653,940
Other Financing Sources:				
Transfers in	<u>524,481</u>	<u>524,481</u>	<u>524,481</u>	<u>-</u>
Total Revenue and Other Financing Sources	<u>\$ 99,576,697</u>	<u>\$ 99,824,339</u>	102,557,098	<u>\$ 2,653,940</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.			4,860,676	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(29,544)	
The Town does not budget for Board of Education severance fund revenues.			92	
The Town does not budget for premiums on refunding bond issuance.			2,083,783	
The Town does not budget for refunding bond issuance.			19,655,000	
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>376,298</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>\$ 129,503,403</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government:				
Legislative	\$ 17,090	\$ 17,090	\$ 11,727	\$ 5,363
Executive	332,864	337,911	322,839	15,072
Finance	71,026	69,580	66,866	2,714
Treasurer	409,406	399,863	392,791	7,072
Assessor	391,555	397,501	379,229	18,272
Review of Assessment	17,444	17,444	14,935	2,509
Tax Collector	288,811	304,861	275,206	29,655
Town Clerk	238,851	238,851	215,717	23,134
Law	299,250	549,250	540,918	8,332
Labor Relations Negotiations	70,000	70,000	38,041	31,959
Probate Court	10,650	10,650	7,748	2,902
Elections	139,666	139,666	129,215	10,451
Planning and Zoning	269,892	283,034	240,398	42,636
Zoning Board of Appeals	8,590	8,590	6,768	1,822
Economic Development Commission	16,230	16,230	16,229	1
Inland Wetlands Commission	114,138	118,164	115,239	2,925
General Government Buildings	1,029,331	1,029,331	932,531	96,800
Cable Television	4,975	5,575	5,425	150
Information Technology	638,016	645,658	632,554	13,104
Human Resources	244,059	246,526	219,508	27,018
Total	<u>4,611,844</u>	<u>4,905,775</u>	<u>4,563,884</u>	<u>341,891</u>
Public Safety:				
Police Service	5,769,152	6,027,914	5,861,507	166,407
Police Service - Special Detail	550,000	550,000	354,422	195,578
Fire Protection	5,017,645	5,017,645	4,883,348	134,297
Building Department	162,217	172,173	167,567	4,606
Total	<u>11,499,014</u>	<u>11,767,732</u>	<u>11,266,844</u>	<u>500,888</u>
Public Works and Highways:				
Public Works	2,284,222	2,356,146	2,143,515	212,631
Sanitation and Waste	2,728,600	2,732,540	2,331,118	401,422
General Engineering	315,182	321,503	294,332	27,171
Total	<u>5,328,004</u>	<u>5,410,189</u>	<u>4,768,965</u>	<u>641,224</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, 2015**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation:				
Branford Recreation Department	\$ 860,049	\$ 864,131	\$ 851,165	\$ 12,966
Parker Park	69,659	69,659	57,290	12,369
Young's Park Commission	8,697	8,697	7,435	1,262
Docks and Recreational Facilities	14,280	15,162	15,161	1
Public Celebration	27,234	27,234	24,345	2,889
Conservation Commission	6,588	6,588	6,287	301
Total	<u>986,507</u>	<u>991,471</u>	<u>961,683</u>	<u>29,788</u>
Libraries:				
James Blackstone Memorial Library	1,245,350	1,245,350	1,245,350	-
Willoughby-Wallace Library	214,983	221,817	210,400	11,417
Total	<u>1,460,333</u>	<u>1,467,167</u>	<u>1,455,750</u>	<u>11,417</u>
Health and Welfare:				
Human Services	1,312,539	1,326,314	1,293,390	32,924
Commission for the Elderly	356,534	373,188	371,922	1,266
East Shore District Health	213,704	213,704	213,705	(1)
Total	<u>1,882,777</u>	<u>1,913,206</u>	<u>1,879,017</u>	<u>34,189</u>
Board of Education	<u>52,120,680</u>	<u>52,120,680</u>	<u>52,091,677</u>	<u>29,003</u>
Pension and Insurance:				
Pension and Contributions	3,980,462	3,980,462	3,665,221	315,241
Employee Group Insurance	6,136,572	6,136,572	6,134,694	1,878
Municipal Insurance	1,823,522	2,007,807	1,999,955	7,852
Contingency	1,041,434	169,260		169,260
Total	<u>12,981,990</u>	<u>12,294,101</u>	<u>11,799,870</u>	<u>494,231</u>
Debt Service:				
Principal Retirement	5,179,272	5,179,272	5,179,272	-
Interest and Fiscal Charges	1,168,145	1,189,990	1,187,991	1,999
Total	<u>6,347,417</u>	<u>6,369,262</u>	<u>6,367,263</u>	<u>1,999</u>
Total expenditures	<u>97,218,566</u>	<u>97,239,583</u>	<u>95,154,953</u>	<u>2,084,630</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, 2015**

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 102,038	\$ 111,546	\$ 111,546	\$ -
Special Programs Fund				-
Cafeteria Fund	60,000	60,000	60,000	-
Building Usage Fund	46,643	46,643	46,643	-
Sewer Utility Fund	600,000	653,967	653,967	-
Capital Projects Fund:				
Open Space Fund	26,800	26,800	26,800	-
Revaluation Fund	160,000	160,000	160,000	-
Ambulance	50,000	50,000	50,000	-
Fire Apparatus	100,000	100,000	100,000	-
Municipal Facilities Fund	73,000	73,000	73,000	-
Elderly Vehicles	30,000	30,000	30,000	-
Communications Fund	50,000	50,000	50,000	-
DPW Apparatus	168,000	168,000	168,000	-
Capital Procurement Fund	3,716,650	4,129,800	4,129,800	-
Total other financing uses	<u>5,183,131</u>	<u>5,659,756</u>	<u>5,659,756</u>	<u>-</u>
Total Budgeted Operations	\$ <u>102,401,697</u>	\$ <u>102,899,339</u>	100,814,709	\$ <u>2,084,630</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.			4,860,676	
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.			376,298	
The Town does not budget for Lease fund expenditures.			251,171	
The Town budgets for Lease fund transfers that are eliminated under GAAP.			(247,350)	
The Town does not budget for refunding bond payments to escrow agent.			21,573,605	
The Town does not budget for bond issuance costs on refunding.			186,002	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.			<u>(104,209)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>127,710,902</u>	

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

	<u>2015</u>
Total pension liability:	
Service cost	\$ 600,194
Interest	1,906,563
Benefit payments, including refunds of member contributions	<u>(1,400,569)</u>
Net change in total pension liability	1,106,188
Total pension liability - beginning	<u>27,324,864</u>
Total pension liability - ending	<u>28,431,052</u>
Plan fiduciary net position:	
Contributions - employer	898,000
Contributions - member	301,069
Net investment income	40,613
Benefit payments, including refunds of member contributions	<u>(1,400,569)</u>
Net change in plan fiduciary net position	(160,887)
Plan fiduciary net position - beginning	<u>21,763,547</u>
Plan fiduciary net position - ending	<u>21,602,660</u>
Net Pension Liability - Ending	<u>\$ 6,828,392</u>
Plan fiduciary net position as a percentage of the total pension liability	75.98%
Covered-employee payroll	\$ 3,462,045
Net pension liability as a percentage of covered-employee payroll	197.24%

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

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

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

	<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>	<u>2015</u>
Actuarially determined contribution	\$ 707,592	\$ 724,592	\$ 781,134	\$ 773,105	\$ 793,742	\$ 1,014,103	\$ 1,041,413	\$ 889,632	\$ 903,163	\$ 897,106
Contributions in relation to the actuarial determined contribution	<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>	<u>898,000</u>
Contribution Deficiency (Excess)	\$ <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>	\$ <u>894</u>
Covered-employee payroll	\$ 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	\$ 3,462,045
Contributions as a percentage of covered-employee payroll	20.13%	23.41%	22.90%	23.01%	27.59%	22.22%	22.76%	21.86%	26.57%	25.94%

Notes to Schedule

Valuation Date: July 1, 2013
Measurement Date: June 30, 2015

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
VOLUNTEER FIRE DEPARTMENT PENSION TRUST FUND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST FISCAL YEAR**

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

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	0.32%	11.25%

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

2015

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

-0.04%

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

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

Notes to Schedule

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

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

	<u>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>	<u>2015</u>
Actuarially determined contribution	\$ 927,844	\$ 1,006,879	\$ 1,107,502	\$ 1,153,600	\$ 1,303,939	\$ 1,683,907	\$ 2,065,555	\$ 2,144,563	\$ 2,224,976	\$ 2,284,715
Contributions in relation to the actuarially determined contribution	<u>927,844</u>	<u>1,006,879</u>	<u>1,107,502</u>	<u>1,153,600</u>	<u>1,303,939</u>	<u>1,683,907</u>	<u>2,065,555</u>	<u>2,144,563</u>	<u>2,224,976</u>	<u>2,284,715</u>
Contribution Deficiency (Excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered employee payroll	\$ 13,545,168	\$ 14,281,972	\$ 14,727,420	\$ 15,218,997	\$ 15,843,730	\$ 15,915,945	\$ 16,149,765	\$ 16,458,657	\$ 16,641,556	\$ 16,787,032
Contributions as a percentage of covered employee payroll	6.85%	7.05%	7.52%	7.58%	8.23%	10.58%	12.79%	13.03%	13.37%	13.61%

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

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

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

	<u>2015</u>
Town's proportion of the net pension liability	3.05%
Town's proportionate share of the net pension liability	\$ 7,268,600
Town's covered-employee payroll	\$ 16,787,032
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	43.30%
Plan fiduciary net position as a percentage of the total pension liability	90.48%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	During 2013, rates of mortality, withdrawal, retirement and assumed rates of salary increases were adjusted to reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2012.
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Remaining amortization period	27 years
Asset valuation method	5-year smoothed market

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 35,811,869	\$ 27,542,345
Investments	4,988,360	5,178,205
Receivables:		
Taxes, net of allowance of \$513,617 at June 30, 2015 and 2014	2,813,479	2,773,031
Interest	1,092,820	1,110,414
Intergovernmental	301,014	621,232
Other	893,988	809,884
Prepaid items	<u>17,227</u>	<u>31,200</u>
Total Assets	<u>\$ 45,918,757</u>	<u>\$ 38,066,311</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,417,701	\$ 3,197,744
Due to other funds	5,139,195	2,387,500
Unearned revenue	1,018,617	856,365
Other	<u>106,567</u>	<u>111,815</u>
Total liabilities	<u>9,682,080</u>	<u>6,553,424</u>
Deferred Inflows of Resources:		
Unavailable revenue - property taxes	2,356,212	2,447,684
Unavailable revenue - interest on property taxes	1,092,820	1,110,414
Unavailable revenue - school building grants	110,548	426,787
Advance property tax collections	<u>7,916,910</u>	<u>4,560,316</u>
Total deferred inflows of resources	<u>11,476,490</u>	<u>8,545,201</u>
Fund Balance:		
Nonspendable	17,227	31,200
Committed	65,523	69,252
Assigned	3,177,321	3,542,725
Unassigned	<u>21,500,116</u>	<u>19,324,509</u>
Total fund balance	<u>24,760,187</u>	<u>22,967,686</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 45,918,757</u>	<u>\$ 38,066,311</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
REPORT OF TAX COLLECTOR
FOR THE YEAR ENDED JUNE 30, 2015**

Grand List	Uncollected Taxes July 1, 2014	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2015
						Taxes	Interest	Liens	Total	
1999	\$ 14,994	\$	\$ (14,994)	\$	\$ -	\$ 655	\$	\$	\$ 655	\$ -
2000	21,110				21,110				-	21,110
2001	23,596				23,596	187	406	2	595	23,409
2002	48,847				48,847	4,564	2,023	24	6,611	44,283
2003	52,884				52,884	4,794	1,934	24	6,752	48,090
2004	55,106				55,106	7,478	2,717	24	10,219	47,628
2005	56,127				56,127	9,456	5,213	24	14,693	46,671
2006	63,553				63,553	11,646	443	72	12,161	51,907
2007	74,351				74,351	12,995	5,946	96	19,037	61,356
2008	114,046	(7,328)			106,718	16,389	8,428	72	24,889	90,329
2009	270,668	(28,026)		(84,805)	157,837	49,902	20,125	394	70,421	107,935
2010	433,942	(29,901)			404,041	111,281	40,627	694	152,602	292,760
2011	696,449	13,716			710,165	268,286	115,884	1,568	385,738	441,879
2012	1,339,291	26,194			1,365,485	696,762	151,926	4,922	853,610	668,723
2013	92,655,319	(147,254)			92,508,065	91,127,049	262,969	9,656	91,399,674	1,381,016
	<u>\$ 95,920,283</u>	<u>\$ (172,599)</u>	<u>\$ (14,994)</u>	<u>\$ (84,805)</u>	<u>\$ 95,647,885</u>	92,320,789	619,296	17,572	92,957,657	<u>\$ 3,327,096</u>
						Suspense Collections				
						<u>11,746</u>	<u>17,192</u>	<u>162</u>	<u>29,100</u>	
						Total				
						<u>\$ 92,332,535</u>	<u>\$ 636,488</u>	<u>\$ 17,734</u>	<u>\$ 92,986,757</u>	

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2015**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS					
Cash and cash equivalents	\$ 35,746,346	\$ 61,459	\$ 4,064	\$	\$ 35,811,869
Investments	4,988,360				4,988,360
Receivables, net	5,101,301				5,101,301
Other assets	17,227				17,227
Total Assets	<u>\$ 45,853,234</u>	<u>\$ 61,459</u>	<u>\$ 4,064</u>	<u>\$ -</u>	<u>\$ 45,918,757</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 3,417,701	\$	\$	\$	\$ 3,417,701
Due to other funds	5,139,195				5,139,195
Unearned revenue	1,018,617				1,018,617
Other	106,567				106,567
Total liabilities	<u>9,682,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,682,080</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	2,356,212				2,356,212
Unavailable revenue - interest on property taxes	1,092,820				1,092,820
Unavailable revenue - school building grants	110,548				110,548
Advance property tax collections	7,916,910				7,916,910
Total deferred inflows of resources	<u>11,476,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,476,490</u>
Fund Balances:					
Nonspendable	17,227				17,227
Committed		61,459	4,064		65,523
Assigned	3,177,321				3,177,321
Unassigned	21,500,116				21,500,116
Total fund balances	<u>24,694,664</u>	<u>61,459</u>	<u>4,064</u>	<u>-</u>	<u>24,760,187</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 45,853,234</u>	<u>\$ 61,459</u>	<u>\$ 4,064</u>	<u>\$ -</u>	<u>\$ 45,918,757</u>

**TOWN OF BRANFORD, CONNECTICUT
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Board of Education Severance Fund</u>	<u>Lease Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:					
Property taxes	\$ 93,137,810	\$	\$	\$	\$ 93,137,810
Intergovernmental	8,421,875				8,421,875
Charges for services	3,902,827				3,902,827
Income on investments	96,446	92			96,538
Miscellaneous	1,326,609				1,326,609
Total revenues	<u>106,885,567</u>	<u>92</u>	<u>-</u>	<u>-</u>	<u>106,885,659</u>
Expenditures:					
Current:					
General government	4,543,072		34,732		4,577,804
Public safety	11,194,526				11,194,526
Public works and highway	4,758,717		128,730		4,887,447
Parks, recreation and libraries	2,417,157				2,417,157
Health and human services	1,878,460				1,878,460
Education	57,328,651		87,709		57,416,360
Pension and insurance	11,799,871				11,799,871
Debt service	6,553,266				6,553,266
Total expenditures	<u>100,473,720</u>	<u>-</u>	<u>251,171</u>	<u>-</u>	<u>100,724,891</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,411,847</u>	<u>92</u>	<u>(251,171)</u>	<u>-</u>	<u>6,160,768</u>
Other Financing Sources (Uses):					
Transfers in	524,481		247,350	(247,350)	524,481
Transfers out	(5,659,756)			247,350	(5,412,406)
Bond premiums	354,480				354,480
Refunding Bond premiums	2,083,783				2,083,783
Proceeds from refunding bond issuance	19,655,000				19,655,000
Payments to escrow agents	(21,573,605)				(21,573,605)
Total other financing sources (uses)	<u>(4,615,617)</u>	<u>-</u>	<u>247,350</u>	<u>-</u>	<u>(4,368,267)</u>
Net Change in Fund Balances	1,796,230	92	(3,821)	-	1,792,501
Fund Balances at Beginning of Year	<u>22,898,434</u>	<u>61,367</u>	<u>7,885</u>	<u>-</u>	<u>22,967,686</u>
Fund Balances at End of Year	<u>\$ 24,694,664</u>	<u>\$ 61,459</u>	<u>\$ 4,064</u>	<u>\$ -</u>	<u>\$ 24,760,187</u>

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015**

	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	\$ 10,199	\$ 36,009	\$ 383,258	\$ 752,572	\$ 236,836	\$ 140	\$ 8,889	\$ 35,190	\$ 1,362,955	\$ -
Investment										
Accounts receivable	6,484							421,416		
Intergovernmental receivable				139,414	67,595					
Due from other funds				96,002						
Inventory					27,557					
Total Assets	\$ 16,683	\$ 36,009	\$ 383,258	\$ 987,988	\$ 331,988	\$ 140	\$ 8,889	\$ 456,606	\$ 1,362,955	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$ -	\$ 10,466	\$ 21,944	\$ 282,506	\$ 267,813	\$ -	\$ 4,457	\$ 18,814	\$ 29,671	\$ -
Due to other funds										
Unearned revenue				174,728						
Total liabilities	-	10,466	21,944	457,234	267,813	-	4,457	18,814	29,671	-
Deferred Inflows of Resources:										
Unavailable revenue - special assessments	6,484									
Unavailable revenue - loans receivable								421,416		
Total deferred inflows of resources	6,484	-	-	-	-	-	-	421,416	-	-
Fund Balance:										
Nonspendable					27,557					
Restricted				530,754				16,376	1,333,284	
Committed	10,199	25,543	361,314		36,618	140	4,432			
Total fund balance	10,199	25,543	361,314	530,754	64,175	140	4,432	16,376	1,333,284	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 16,683	\$ 36,009	\$ 383,258	\$ 987,988	\$ 331,988	\$ 140	\$ 8,889	\$ 456,606	\$ 1,362,955	\$ -

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET (CONTINUED)
 JUNE 30, 2015

	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	\$ 765,974	\$ 1,084,207	\$ 60,574	\$ 12,088	\$ 464,982	\$ 64,279	\$ 24,131	\$ 930,042	\$ 11,177		\$ 6,243,502
Investment				109,764				545,215			654,979
Accounts receivable		5,887						195,016			628,803
Intergovernmental receivable		88				106,793		438,643	102,778	62,542	917,853
Due from other funds		64			136			62,542			158,744
Inventory											27,557
Total Assets	\$ 765,974	\$ 1,090,246	\$ 60,574	\$ 121,852	\$ 465,118	\$ 171,072	\$ 24,131	\$ 2,171,458	\$ 113,955	\$ 62,542	\$ 8,631,438
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ 22,368	\$ 236,419	\$ 6,847	\$ 150	\$	\$ 19,363	\$	\$ 186,788	\$	\$	\$ 1,107,606
Due to other funds								580,000		62,542	642,542
Unearned revenue	250,657										425,385
Total liabilities	273,025	236,419	6,847	150	-	19,363	-	766,788	-	62,542	2,175,533
Deferred Inflows of Resources:											
Unavailable revenue - special assessments								199,002			205,486
Unavailable revenue - loans receivable											421,416
Total deferred inflows of resources	-	-	-	-	-	-	-	199,002	-	-	626,902
Fund Balance:											
Nonspendable											27,557
Restricted		853,827							113,955		2,848,196
Committed	492,949		53,727	121,702	465,118	151,709	24,131	1,205,668			2,953,250
Total fund balance	492,949	853,827	53,727	121,702	465,118	151,709	24,131	1,205,668	113,955	-	5,829,003
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 765,974	\$ 1,090,246	\$ 60,574	\$ 121,852	\$ 465,118	\$ 171,072	\$ 24,131	\$ 2,171,458	\$ 113,955	\$ 62,542	\$ 8,631,438

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)
JUNE 30, 2015**

	Permanent Fund						Transfers/ Interfunds	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total		
ASSETS								
Cash and cash equivalents	\$ 5,106	\$ 4,572	\$ 5,183	\$ 36,292	\$ 62,205	\$ 113,358	\$ -	\$ 6,356,860
Investment	182,235	-	-	-	-	182,235	-	837,214
Accounts receivable	-	-	-	-	-	-	-	628,803
Intergovernmental receivable	-	-	-	-	-	-	-	917,853
Due from other funds	-	-	-	-	-	-	(62,542)	96,202
Inventory	-	-	-	-	-	-	-	27,557
Total Assets	\$ 187,341	\$ 4,572	\$ 5,183	\$ 36,292	\$ 62,205	\$ 295,593	\$ (62,542)	\$ 8,864,489
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,107,606
Due to other funds	-	-	-	-	-	-	(62,542)	580,000
Unearned revenue	-	-	-	-	-	-	-	425,385
Total liabilities	-	-	-	-	-	-	(62,542)	2,112,991
Deferred Inflows of Resources:								
Unavailable revenue - special assessments	-	-	-	-	-	-	-	205,486
Unavailable revenue - loans receivable	-	-	-	-	-	-	-	421,416
Total deferred inflows of resources	-	-	-	-	-	-	-	626,902
Fund Balance:								
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420	-	127,977
Restricted	185,841	572	183	6,292	2,285	195,173	-	3,043,369
Committed	-	-	-	-	-	-	-	2,953,250
Total fund balance	187,341	4,572	5,183	36,292	62,205	295,593	-	6,124,596
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 187,341	\$ 4,572	\$ 5,183	\$ 36,292	\$ 62,205	\$ 295,593	\$ (62,542)	\$ 8,864,489

**TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue									
	Board of Education							Small Cities	Town Aid Road	Pass Through Grants
	Water Assessment	Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage			
Revenues:										
Assessment income	\$ 8,143	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues				2,984,538	454,026			31,395	751,842	390,196
Sales and services		49,864	487,556		61,399			6,051		
Investment income	3		64					193	503	
Other	19									
Sale of food					648,665					
Total revenues	<u>8,165</u>	<u>49,864</u>	<u>487,620</u>	<u>2,984,538</u>	<u>1,164,090</u>	<u>-</u>	<u>-</u>	<u>37,639</u>	<u>752,345</u>	<u>390,196</u>
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway									283,653	
Parks, recreation and libraries										
Health and human services								54,331		390,196
Education		59,084	453,838	2,715,950	1,217,669		42,186			
Capital outlay								88,777		
Total expenditures	<u>-</u>	<u>59,084</u>	<u>453,838</u>	<u>2,715,950</u>	<u>1,217,669</u>	<u>-</u>	<u>42,186</u>	<u>143,108</u>	<u>283,653</u>	<u>390,196</u>
Excess (Deficiency) of Revenues over Expenditures	8,165	(9,220)	33,782	268,588	(53,579)	-	(42,186)	(105,469)	468,692	-
Other Financing Sources (Uses):										
Transfers in					60,000		46,643			
Transfers out										
Net Change in Fund Balances	8,165	(9,220)	33,782	268,588	6,421	-	4,457	(105,469)	468,692	-
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 10,199</u>	<u>\$ 25,543</u>	<u>\$ 361,314</u>	<u>\$ 530,754</u>	<u>\$ 64,175</u>	<u>\$ 140</u>	<u>\$ 4,432</u>	<u>\$ 16,376</u>	<u>\$ 1,333,284</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, 2015**

	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	\$	\$	\$	\$	\$	\$	\$	\$ 2,670,820	\$	\$	\$ 2,678,963
Intergovernmental revenues		912,764		517		106,793		119,022	102,778		5,853,871
Sales and services	361,609	6,949				40,078		563,821			1,577,327
Investment income	619	81	149	6,632	167	98		99			8,608
Other	53,702	131,295	81,314	14,398	10,206	8,651	15,000	151	3,515	62,542	380,793
Sale of food											648,665
Total revenues	<u>415,930</u>	<u>1,051,089</u>	<u>81,463</u>	<u>21,547</u>	<u>10,373</u>	<u>155,620</u>	<u>15,000</u>	<u>3,353,913</u>	<u>106,293</u>	<u>62,542</u>	<u>11,148,227</u>
Expenditures:											
Current:											
General government		14,137									14,137
Public safety		225,418				253,929					479,347
Public works and highway		183,070						2,581,808	115,680		3,164,211
Parks, recreation and libraries	353,210			11,432							364,642
Health and human services		114,670	101,336		6,049						666,582
Education		382,663					11,748				4,883,138
Capital outlay										62,542	151,319
Total expenditures	<u>353,210</u>	<u>919,958</u>	<u>101,336</u>	<u>11,432</u>	<u>6,049</u>	<u>253,929</u>	<u>11,748</u>	<u>2,581,808</u>	<u>115,680</u>	<u>62,542</u>	<u>9,723,376</u>
Excess (Deficiency) of Revenues over Expenditures	62,720	131,131	(19,873)	10,115	4,324	(98,309)	3,252	772,105	(9,387)	-	1,424,851
Other Financing Sources (Uses):											
Transfers in						111,546		653,967			872,156
Transfers out								(4,319,481)			(4,319,481)
Net Change in Fund Balances	62,720	131,131	(19,873)	10,115	4,324	13,237	3,252	(2,893,409)	(9,387)	-	(2,022,474)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 492,949</u>	<u>\$ 853,827</u>	<u>\$ 53,727</u>	<u>\$ 121,702</u>	<u>\$ 465,118</u>	<u>\$ 151,709</u>	<u>\$ 24,131</u>	<u>\$ 1,205,668</u>	<u>\$ 113,955</u>	<u>\$ -</u>	<u>\$ 5,829,003</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, 2015**

	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	\$	\$	\$	\$	\$	\$	\$ 2,678,963
Intergovernmental revenues							5,853,871
Sales and services							1,577,327
Investment income	9,125	6	8	55	94	9,288	17,896
Other							380,793
Sale of food							648,665
Total revenues	<u>9,125</u>	<u>6</u>	<u>8</u>	<u>55</u>	<u>94</u>	<u>9,288</u>	<u>11,157,515</u>
Expenditures:							
Current:							
General government							14,137
Public safety							479,347
Public works and highway							3,164,211
Parks, recreation and libraries							364,642
Health and human services	151					151	666,733
Education		125		500		625	4,883,763
Capital outlay							151,319
Total expenditures	<u>151</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>776</u>	<u>9,724,152</u>
Excess (Deficiency) of Revenues over Expenditures	8,974	(119)	8	(445)	94	8,512	1,433,363
Other Financing Sources (Uses):							
Transfers in							872,156
Transfers out							(4,319,481)
Net Change in Fund Balances	8,974	(119)	8	(445)	94	8,512	(2,013,962)
Fund Balances at Beginning 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>
Fund Balances at End of Year	<u>\$ 187,341</u>	<u>\$ 4,572</u>	<u>\$ 5,183</u>	<u>\$ 36,292</u>	<u>\$ 62,205</u>	<u>\$ 295,593</u>	<u>\$ 6,124,596</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 11,515,804	\$ 1,976,570	\$ 1,053,887	\$ 14,546,261
Accounts receivable	383,738			383,738
Total assets	<u>11,899,542</u>	<u>1,976,570</u>	<u>1,053,887</u>	<u>14,929,999</u>
Liabilities:				
Accounts payable	67,824	1,431		69,255
Claims incurred not reported	838,000	1,487,285	1,304,679	3,629,964
Total liabilities	<u>905,824</u>	<u>1,488,716</u>	<u>1,304,679</u>	<u>3,699,219</u>
Net Position:				
Unrestricted	<u>\$ 10,993,718</u>	<u>\$ 487,854</u>	<u>\$ (250,792)</u>	<u>\$ 11,230,780</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 12,571,688	\$ 1,196,220	\$ 235,000	\$ 14,002,908
Others	288,382	16,202		304,584
Total operating revenues	<u>12,860,070</u>	<u>1,212,422</u>	<u>235,000</u>	<u>14,307,492</u>
Operating Expenses:				
Benefit claims	9,504,238	1,590,982	144,813	11,240,033
Claims administration	1,593,899	100,547		1,694,446
Total operating expenses	<u>11,098,137</u>	<u>1,691,529</u>	<u>144,813</u>	<u>12,934,479</u>
Operating Income (Loss)	1,761,933	(479,107)	90,187	1,373,013
Nonoperating Income - Interest Income	<u>1,691</u>	<u>1,479</u>	<u>333</u>	<u>3,503</u>
Change in Net Position	1,763,624	(477,628)	90,520	1,376,516
Net Position at Beginning of Year	<u>9,230,094</u>	<u>965,482</u>	<u>(341,312)</u>	<u>9,854,264</u>
Net Position at End of Year	<u>\$ 10,993,718</u>	<u>\$ 487,854</u>	<u>\$ (250,792)</u>	<u>\$ 11,230,780</u>

**TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015**

	<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	\$ 12,960,314	\$ 1,274,633	\$ 235,000	\$ 14,469,947
Cash paid for benefits and administration	<u>(11,440,913)</u>	<u>(1,562,319)</u>	<u>(278,015)</u>	<u>(13,281,247)</u>
Net cash provided by (used in) operating activities	1,519,401	(287,686)	(43,015)	1,188,700
Cash Flows from Investing Activities:				
Interest income	<u>1,691</u>	<u>1,479</u>	<u>333</u>	<u>3,503</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,521,092	(286,207)	(42,682)	1,192,203
Cash and Cash Equivalents at Beginning of Year	<u>9,994,712</u>	<u>2,262,777</u>	<u>1,096,569</u>	<u>13,354,058</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,515,804</u>	<u>\$ 1,976,570</u>	<u>\$ 1,053,887</u>	<u>\$ 14,546,261</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,761,933	\$ (479,107)	\$ 90,187	\$ 1,373,013
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
(Increase) decrease in receivables	100,244			100,244
(Increase) decrease in due from other funds		62,211		62,211
Increase (decrease) in payables	(342,776)	129,210	(130,991)	(344,557)
Increase (decrease) in due to other funds			<u>(2,211)</u>	<u>(2,211)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,519,401</u>	<u>\$ (287,686)</u>	<u>\$ (43,015)</u>	<u>\$ 1,188,700</u>

**TOWN OF BRANFORD, CONNECTICUT
TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015**

	Pension Trust Funds	Retiree Benefits Trust Fund	Total Trust Funds
Additions:			
Contributions:			
Employer	\$ 960,000	\$ 1,808,700	\$ 2,768,700
Plan members	301,069	654,446	955,515
Total contributions	<u>1,261,069</u>	<u>2,463,146</u>	<u>3,724,215</u>
Net investment income	<u>40,421</u>	<u>14,682</u>	<u>55,103</u>
Total additions	<u>1,301,490</u>	<u>2,477,828</u>	<u>3,779,318</u>
Deductions:			
Benefits	1,441,526	1,244,281	2,685,807
Administration	<u>19,615</u>	<u>19,615</u>	<u>19,615</u>
Total deductions	<u>1,441,526</u>	<u>1,263,896</u>	<u>2,705,422</u>
Change in Net Position	(140,036)	1,213,932	1,073,896
Net Position at the Beginning of Year	<u>22,261,361</u>	<u>9,505,540</u>	<u>31,766,901</u>
Net Position at the End of Year	<u>\$ 22,121,325</u>	<u>\$ 10,719,472</u>	<u>\$ 32,840,797</u>

**TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Branford Conservation Commission				
Assets:				
Cash and cash equivalents	\$ <u>1,597</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,599</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,597</u>	\$ <u>2</u>	\$ <u>-</u>	\$ <u>1,599</u>
Shellfish Commission				
Assets:				
Cash and cash equivalents	\$ <u>214,622</u>	\$ <u>17,771</u>	\$ <u>3,391</u>	\$ <u>229,002</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>214,622</u>	\$ <u>17,771</u>	\$ <u>3,391</u>	\$ <u>229,002</u>
Academy-On-The-Green				
Assets:				
Cash and cash equivalents	\$ <u>22,512</u>	\$ <u>119</u>	\$ <u>2,305</u>	\$ <u>20,326</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>22,512</u>	\$ <u>119</u>	\$ <u>2,305</u>	\$ <u>20,326</u>
Branford Medical Transit				
Assets:				
Cash and cash equivalents	\$ <u>42,395</u>	\$ <u>12,405</u>	\$ <u>2,295</u>	\$ <u>52,505</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>42,395</u>	\$ <u>12,405</u>	\$ <u>2,295</u>	\$ <u>52,505</u>

(Continued on next page)

**TOWN OF BRANFORD, CONNECTICUT
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
Commission on Services For the Elderly				
Assets:				
Cash and cash equivalents	\$ <u>127,750</u>	\$ <u>77,123</u>	\$ <u>64,888</u>	\$ <u>139,985</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>127,750</u>	\$ <u>77,123</u>	\$ <u>64,888</u>	\$ <u>139,985</u>
Total Liabilities	\$ <u>127,750</u>	\$ <u>77,123</u>	\$ <u>64,888</u>	\$ <u>139,985</u>
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ <u>580,199</u>	\$ <u>2,095,093</u>	\$ <u>2,014,939</u>	\$ <u>660,353</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>580,199</u>	\$ <u>2,095,093</u>	\$ <u>2,014,939</u>	\$ <u>660,353</u>
Developer Bond Funds				
Assets:				
Cash and cash equivalents	\$ <u>428,154</u>	\$ <u>32,841</u>	\$ <u>45,952</u>	\$ <u>415,043</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>428,154</u>	\$ <u>32,841</u>	\$ <u>45,952</u>	\$ <u>415,043</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ <u>1,417,229</u>	\$ <u>2,235,354</u>	\$ <u>2,133,770</u>	\$ <u>1,518,813</u>
Total Assets	\$ <u>1,417,229</u>	\$ <u>2,235,354</u>	\$ <u>2,133,770</u>	\$ <u>1,518,813</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,417,229</u>	\$ <u>2,235,354</u>	\$ <u>2,133,770</u>	\$ <u>1,518,813</u>
Total Liabilities	\$ <u>1,417,229</u>	\$ <u>2,235,354</u>	\$ <u>2,133,770</u>	\$ <u>1,518,813</u>

TOWN OF BRANFORD, CONNECTICUT
STATEMENT OF DEBT LIMITATION
JUNE 30, 2015

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2015	\$ 92,987
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,513
Reimbursement for revenue loss on: Elderly tax relief	<u>6</u>
Base	<u>\$ 94,506</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	\$ 212,638	\$	\$	\$	\$
4-1/2 times base		425,276			
3-3/4 times base			354,397		
3-1/4 times base				307,144	
3 times base					283,517
Total debt limitation	<u>212,638</u>	<u>425,276</u>	<u>354,397</u>	<u>307,144</u>	<u>283,517</u>
Indebtedness:					
Bonds payable	3,210	3,370	37,376		
Bonds authorized and unissued	7,301	1,026			
School building grants receivables		(101)			
Total indebtedness	<u>10,511</u>	<u>4,295</u>	<u>37,376</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 202,127</u>	<u>\$ 420,981</u>	<u>\$ 317,021</u>	<u>\$ 307,144</u>	<u>\$ 283,517</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$661,540.