

# **Town of Granby Connecticut**



## **Comprehensive Annual Financial Report**

Fiscal Year Ended June 30, 2017

# **TOWN OF GRANBY CONNECTICUT**

## **Comprehensive Annual Financial Report**

**Fiscal Year Ended June 30, 2017**

Prepared by:

Administration/Finance Departments

John D. Ward  
Town Manager



Barbarajean C. Scibelli  
Administration Finance Officer

**TOWN OF GRANBY, CONNECTICUT  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
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JUNE 30, 2017**

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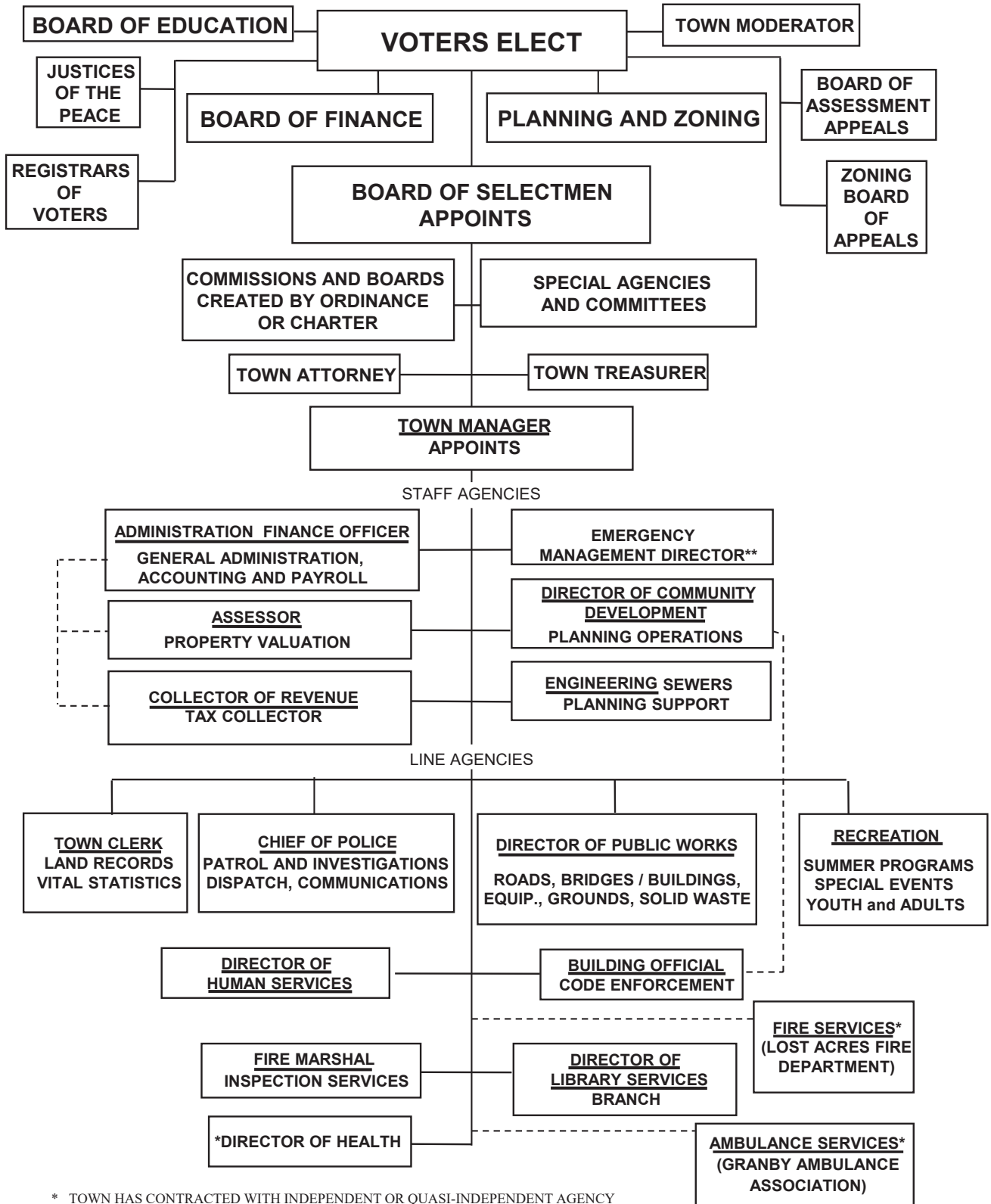
## **Introductory Section**

## TOWN OF GRANBY

### Principal Municipal Officials

<u>Office</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Term</u>
First Selectman	B. Scott Kuhnly	Elected	2 years
Selectman	Sally S. King	Elected	2 years
Selectman	James C. Lofink	Elected	2 years
Selectman	Mark C. Neumann	Elected	2 years
Selectman	Edward E. Ohannessian	Elected	2 years
Town Manager	William F. Smith, Jr.	Appointed	Indefinite
Town Clerk	Karen I. Hazen	Appointed	Indefinite
Collector of Revenue	Lauren C. Stuck	Appointed	Indefinite
Assessor	Susan J. Altieri	Appointed	Indefinite
Treasurer	John E. Adams	Appointed	2 years
Administration Finance Officer	Barbarajean C. Scibelli	Appointed	Indefinite
Board of Finance - Chair	Michael B. Guarco, Jr.	Elected	4 years
Board of Education - Chair	Ronald S. Walther.	Elected	4 years
Superintendent of Schools	Alan Addley	Appointed	3 years
Town Attorney	Richard P. Roberts	Appointed	2 years

# TOWN GOVERNMENT GRANBY, CONNECTICUT



\* TOWN HAS CONTRACTED WITH INDEPENDENT OR QUASI-INDEPENDENT AGENCY

\*\* THE EMERGENCY MANAGEMENT DIRECTOR COOPERATES WITH OTHER TOWN DEPARTMENTS AND EXTERNAL AND SUPPORT AGENCIES. ADDITIONAL SUPPORT STAFF PROVIDED AS NEEDED.



## **TOWN OF GRANBY**

*Incorporated 1786*

15 NORTH GRANBY ROAD  
GRANBY, CONNECTICUT 06035-2125

(860) 844-5300

JOHN D. WARD  
TOWN MANAGER

December 21, 2017

Town of Granby  
Granby, Connecticut

To the members of the Board of Selectmen, Board of Finance, and citizens of the Town of Granby:

This Comprehensive Annual Financial Report (CAFR) of the Town of Granby (the "Town") is submitted for the fiscal year ended June 30, 2017. The appointed auditors from Blum, Shapiro & Company, P.C., Certified Public Accountants, have issued an unmodified opinion on Granby's financial statements for the Fiscal Year 2016-17. The independent auditors' report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner to present fairly the financial position and results of operations of the Town. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient dependable information for the preparation of the Town's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town's detailed configuration of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. All disclosures necessary to enable the reader to gain an understanding of the Town's financial activities have been included.

The Town is required to undergo an annual audit in conformity with the provisions of the Federal Single Audit Act and the U.S. Office of Management and Uniform Guidance, as well as the Connecticut Single Audit Act. Information related to these single audits, including the schedule of expenditures of federal awards and state financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are issued under separate cover and are not included in this report. Copies of these reports are on file in the Granby Town Clerk's office and electronically at [www.granby-ct.gov](http://www.granby-ct.gov).



## Profile of the Government

The Town of Granby covers approximately 40.8 square miles and is located sixteen miles northwest of Hartford. Granby is surrounded by the Connecticut towns of Barkhamsted, Canton, Hartland, Suffield, East Granby, Simsbury, and the Massachusetts towns of Granville and Southwick located to the north of Granby. Granby is primarily a rural residential community of single family homes, with a growing mix of multifamily housing developments and housing for the elderly. Throughout the years a wide variety of commercial businesses have followed the residential growth. The Town's 2010 Census population was 11,282. The current information shows Granby with a 2017 population of 11,292. The Town, originally part of the Town of Simsbury, was incorporated in 1786.

The Town functions under the Selectmen-Town Manager form of government. A Town Charter was first adopted in 1960. The Town Charter was last revised November 6, 2012. A Charter Revision Committee was appointed in the fall of 2011 in order to comply with the requirements of the Town Charter and the Connecticut General Statutes. The vote on November 6, 2012 approved the changes recommended by the Charter Revision Committee. The most significant change was in the budget approval process, which is now by automatic referendum.

The legislative body of the Town is the Board of Selectmen. The Board of Selectmen consists of five members, including a separately elected First Selectman who serves as Chairman and presiding officer of the Board. The Board and the First Selectman each are elected at-large for two-year terms. The Board of Selectmen appoints the Town Manager who is the Chief Executive Officer of the Town. The Town Manager is responsible to the Board of Selectmen for the supervision and administration of town departments and its boards and commissions, except those elected by the people. The Board of Selectmen appoints the Town Treasurer and the Town Attorney for two-year terms.

The Board of Education membership consists of seven members, elected at-large for four-year overlapping terms. The election of members is conducted in accordance with the Town Charter and section 9-204b of the General Statutes.

A six-member elected Board of Finance serves as the Town's budget-making authority. Board members are elected for four-year overlapping terms. The Board of Finance appoints the Town Auditor and recommends the annual town budget for town approval.

The Administration Finance Officer oversees the accounting division and assists the Town Manager in administration of finance and administrative operations. This office administers the accounts for all town funds. The Assessor's office discovers, lists, and prices real estate, personal property, and motor vehicles for the purposes of taxation. The Collector of Revenue collects taxes, interest, and fees on all taxable property in the Town. This office also bills, collects, processes, and deposits money from all town departments. The Town Treasurer oversees the Town's bank deposits and trust funds and countersigns all checks for payment made with town funds.

The Town provides the following municipal services as authorized by Charter or by the Board of Selectmen: public safety (police protection and dispatch services for police, fire, and ambulance); library; parks and recreation; public works; senior and youth services, health and social services; community development; building; education; and general administrative services.

## Economic Condition and Outlook

Granby's local economy is primarily a component of residential properties and local businesses. Granby's housing base is made up primarily of single-family homes and the homeownership rate is about 90%. The median home value in Granby is \$254,400, which is \$36,000 above the median home value in Hartford County of 217,800. Recent sales show home sales prices ranging from \$150,000 to over \$600,000. The Town's residential component comprises about 94% of its tax base. In addition to the single family homes, Granby has six condominium developments containing 301 units and two elderly housing developments containing 86 units. Renovations were recently completed at the Salmon Brook Elderly Housing Complex, with funding from the Town's successful \$800,000 Small Cities grant application. The Stony Hill Village Elderly housing complex will soon be renovated with the help of another \$800,000 Small Cities grant.

Granby's multifamily housing is located primarily within Granby Center and along the southern Route 10 corridor where public water, natural gas, and public sewer is available. Construction is well underway on the new Copper Brook, Planned Unit Development, which when completed will add an additional 33 single family homes in a common interest community. In the southeast part of Granby, the Planning and Zoning Commission approved the Ridgewood residential community, which will have 130 apartment units in 5 separate buildings of 3 stories each, along with 50 single family homes in a common interest community. Also within this area, the Greenway Village apartment complex recently received certificates of occupancy for 16 new apartments. This 34 unit complex is on track to receive certificates of occupancy for the remaining 18 units by years end. The southern area of town is viewed as a continuing growth area. This area has experienced the greatest amount of new commercial development over the past few years with over 150,000 square feet of new building space constructed. The area infrastructure can support additional commercial and residential development and the town regularly receives inquiries concerning new developments.

The recent extension of natural gas lines has facilitated economic activity and provides significant costs savings for the Town. The Granby Memorial Middle School and High School and the Town's Municipal Complex are now served by natural gas. Property owners all along the new gas line have been actively converting to natural gas and the line was extended to serve the Meadowbrook Nursing Home. The Town anticipates that the gas line will be extended to the Bank Street area and many of the existing businesses have expressed interest in connecting to the line. In addition to the recent extension of gas lines, the Town recently extended the sewer line by approximately 3,000 feet along Canton Road, Archie Lane, and Burleigh Drive. Residents continue to connect to the line, which has generated additional investment within the area.

Overall, Granby business activity is designed primarily to serve Town residents and, to a degree, the region. Most retail, office, and personal services are located within the Granby Center. Granby Center has experienced significant changes over the years and now includes medical, attorney, real estate, financial, architectural, engineering, surveying, and other office types normally found within a thriving Town Center. Retail services range from national and local drug stores, a supermarket, health food store, specialty stores, hardware and kitchen design stores, package stores, and more. Naturally, the Center has several restaurants. These range from the fast food national chain stores to a bagel shop, local eateries, and a Starbucks. Also included are restaurants serving Mexican, Asian, and continental cuisines. The Town has supported its Center businesses with flexible zoning regulations, through business linkage initiatives, sidewalks, and the installation of traditional street lighting. Over the past few years

the Town added over 2,000 feet of new sidewalk improvements to this area and the Town intends to add an additional 2,500 feet of sidewalk to the Center in 2018. Most recently two new restaurants received Planning and Zoning Commission approval and both are currently under construction. Grassroots is a very successful ice cream shop that is expanding to a full restaurant. At 9 Bank Street, the former McDonalds restaurant is being combined with adjacent retail space to accommodate the new Olive and Garlic Italian restaurant. "Anytime Fitness" has found success within 7,250 square feet of previously vacant retail space and a historic home in the Granby Center at 2 East Granby Road is being renovated to accommodate a new attorney's office. Overall, these Center commercial, residential and infrastructure improvements are bringing to fruition the Town's goal of creating a walkable Village Center. State DOT improvements scheduled for 2021 will further this goal.

A variety of businesses are located to the north of Granby Center. These businesses include: Arrow Concrete, a state of the art industrial concrete plant containing 50,000 square feet; and State Line Oil & Propane which provide local fuel delivery service and retail and wholesale sales to the area. There are a variety of other industrial and retail service buildings within this area and the area continues to see new business occupancies and general improvements to buildings. In 2016 two new industrial buildings, containing a total of 14,000 square feet received Certificates of Occupancy. A new auto repair center recently opened and a new motorcycle sales and repair shop opened in a previously vacant building and shortly thereafter constructed an addition. Currently a new 3,600 sq. ft. building is under construction for LandTek, a multi-service landscaping company. Overall, this area should see additional industrial and commercial construction to meet the demand of local contractors and businesses.

While Granby is known as a highly desirable residential and educationally based community, it continues to build on its commercial base. The Town has earned an exemplary reputation for its work in fostering new business, as well as assisting existing businesses.

The Town's Grand List is comprised of a balanced mix of manufacturing and light industry and its top ten taxpayers represent about 3.54% of the total assessed value on the October 1, 2015 Grand List. The Town's 2015 Grand List saw an increase of approximately .58% due to new home activity, home renovations and new motor vehicles. This is the same percentage as the previous year, which has been the trend for the last few years. The last revaluation was completed for the October 1, 2012 Grand List which saw a decrease of 10.58%. The Town is currently working on the next revaluation that will be effective for the October 1, 2017 Grand List. The Town's property tax collection rate for the year ended on June 30, 2017 was \$944,016 above the budgeted amount. This represents a 102.6% tax collection rate. For Fiscal Year 2017, building permit activity fees totaled \$175,914. This was a small decrease of \$6,436 due mostly to less new home activity. Town Clerk fees for 2016-17 were \$231,994. This was a decrease of \$13,264 due to mortgage activity.

As of 2016 Granby's median household income was \$109,901. This exceeded the Hartford County average of \$68,027 by \$41,874 and exceeded the state average by \$38,146. The Town's October 2017 unemployment rate of 2.9% compared favorably to the statewide average of 4.3% and the national average of 4.1%. The Town's unemployment rate has fallen steadily since June of 2013 when it was 6.0%.

### Long Term Financial Planning

Town staff developed a multi-year, long-range model for operations and major capital projects that shows previous budget activity and proposed future activity. This computer model considers estimated future grand list growth, revenue projections, operating budgets, fund balance and other reserves, and potential mill rate increases.

By resolution, the Board of Selectmen appointed the Capital Program Priority Advisory Committee (CPPAC) to oversee and report to the Selectmen on major capital projects. The Committee consists of two members each of the Boards of Selectmen, Finance, and Education. The Town Treasurer is the seventh member of the Committee. Once CPPAC proposes a major capital program, it is brought to the Selectmen for review and approval. This Committee approved various projects for the Board of Selectmen to consider in Fiscal Year 2011-12. The town approved 11 different projects on January 17, 2012 for a total cost of \$11,400,000. The net cost after grants was \$8,700,000. Among other items, the projects ranged from purchases of land, refurbish tennis courts, replacement of the Granby Public Library roof, a new Salmon Brook Park House, Silver Street Bridge replacement, an addition to the Public Works facility, a new computer lab at the high school, and new athletic fields at the Granby Memorial High School, which included two artificial turf fields, grandstand, lighting, score boards, and handicap access. Recently the Town was awarded a grant for almost \$600,000 for sidewalks from the Center to Salmon Brook Park. Construction for this activity is expected to take place in 2018. The Town was awarded a STEAP grant for \$500,000 and renovated the north barn at Holcomb Farm. In July 2014, the Town's financial status was reviewed by Standard & Poor's Rating Agency. Following its review, the Town's rating was upgraded to AA+.

The Board of Education is experiencing declining enrollment and after careful consideration it was decided to close the PreK through second grade school. The other schools were reconfigured and one of the schools was retrofitted to accommodate the children from the closed school. This was accomplished with remaining funds from some of the above projects and from a bond premium received from the above borrowing.

### Relevant Financial Policies

Every fall, a Plus-One Budget is developed for short-term budget planning. It identifies existing budget needs, typically items over \$5,000, for the upcoming fiscal year. The Plus-One Budget is reviewed by the operating boards and forwarded to the Board of Finance. A Three Board meeting (Board of Selectmen, Board of Education, and Board of Finance) is then held in January to review where the town is financially. This leads to the development of a budget guideline for the boards to prepare a budget for the ensuing fiscal year.

During budget preparation, goals and objectives are reviewed annually. They have remained fairly constant for several years. Some of the policies include: Maintain or increase the effectiveness and efficiency of town services, pay by cash for capital expenditures when deemed appropriate, update the long-range operating and capital forecast model, and budget reasonable user fees as a revenue source.

In 2014 the Town appointed a seven member committee to explore opportunities and methods to improve Town and School District services. Some of the areas reviewed included building maintenance, information technology, finance management, and human resources. The Committee provided a final report in December 2015. The three operating boards - selectmen, education, and finance signed a Memorandum of Understanding to support their commitment to the continued coordination of sharing opportunities between the Town and the School.

The Town continues to look at ways to increase staff over a five-year period because service effectiveness and efficiencies are wearing thin. With the increased age in staff, there is an awareness that as retirements occur, the same level of services will not be able to be offered. In addition, there are staff service demands in the work force along with mandates for general government, police, library, and public works activities.

### Regional Initiative

The Town is a leader in the state for participating in regional initiatives in order to have programs that would otherwise not be practical to offer on our own. The latest regional effort was the purchase of equipment with six area towns through a grant program that will assist with trail maintenance that runs through these towns. The Town continues with efforts to participate in future regional initiatives.

### Budgetary Control

On or before the third Monday in March of each year, the Town Manager submits to the Board of Selectmen a proposed budget including estimated revenues for the Town for the ensuing fiscal year beginning July 1. The proposed budget includes proposed expenditures for the town, except for Board of Education operations, which are separately submitted to the Board of Finance. On or before the first Monday in April, the Board of Selectmen and the Board of Education each present to the Board of Finance a proposed annual operating budget. On the second Monday of April a public hearing is called by the Board of Finance. An annual budget vote is held on the fourth Monday in April; the vote may adopt the budget. If the budget is not adopted, the budget goes to another informational hearing and vote until passed. Prior to the vote, the budget may be amended by the Board of Finance.

Upon request from the Town Manager and with approval by the Board of Selectmen, the Board of Finance may transfer appropriations from one classification to another, except within the Board of Education. The Board of Finance may also make additional special appropriations, provided that the resolution making the appropriation includes certification from the Town Manager that the appropriation does not exceed 1-½% of the annual tax levy. Special appropriations above 1-½% require special town meeting approval called by the Board of Selectmen.

The Town's budgeting system for the General Fund requires accounting for certain transactions to be on a basis other than Generally Accepted Accounting Principles (GAAP). The major difference between a Budget basis and a GAAP basis is that on a Budget basis encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued. On a Budget basis, encumbrances outstanding at year-end are recorded in budgetary reports as expenditures in that year. On a GAAP basis, encumbrances at year-end are recorded as reservations of fund balance. Additionally, the State of Connecticut makes payments, on behalf of Granby teachers, into the state teacher retirement system. They are reported for GAAP purposes only.

Budgetary control is maintained by an encumbrance system. All purchases, except certain services as outlined in the Town's Purchasing Policy, require a purchase requisition and a purchase order. In addition, purchases over \$1,000 require evidence that bids or at least three quotations are received and that the lowest quote, consistent with quality, is selected.

All unencumbered appropriations lapse at year-end, except in the capital projects funds where appropriations are continued until the completion of projects. Budgetary control in a capital project fund is achieved by constraints imposed by project authorization or grant awards related to the fund.

### Cash Management

Connecticut law restricts investments of municipal funds to direct and indirect securities of the U.S. Government and deposits at qualified banks. Any uninsured and uncollateralized deposits in institutions must be invested in "qualified public depositories" covered under Connecticut General Statutes. State law requires that each financial institution accepting public deposits be responsible for pledging collateral for its public deposits, based on each bank's risk-based capital ratio. In addition, by Connecticut Statute, a public depository may not accept deposits from any one municipality, which would exceed 75 percent of the capital of the depository.

During the fiscal year, idle cash is invested principally in: United Bank; Simsbury Bank; Westfield Bank; Windsor Federal Savings Bank, Farmington Bank, and the State of Connecticut Treasurer's Short-Term Investment Fund (STIF). Short-term interest rates remained fairly stable during the year as a result of actions by the Federal Reserve and the stock market. Simsbury Bank, where a large portion of the Town's idle cash is invested, yielded .45% on July 1, 2016 and ended with a rate of .78% through June 2017. The Town continually reviews its short-term investment actions to maximize its investment return

### Risk Management

The Town has a partially self-insured administered services only account with the employee health insurance carrier, Anthem Blue Cross/Blue Shield, which is accounted for in the Town Health Benefits Fund (Internal Service Fund). The Town, Board of Education, and employees contribute funds to cover costs associated with providing medical benefits to current full-time employees and eligible former employees. The Town paid claims up to \$125,000 per participant per year with an individual stop loss policy covering amounts exceeding that limit. The Town seeks to maintain a reserve in the Health Benefits Fund of at least 25% of expected claims. This reserve is intended to cover the Town's claims exposure; that is, the difference between the expected or estimated claims for the plan year, which the Town budgets annually. The Granby Employee Health Benefits Advisory Committee reviews the Town's health benefit budget requirements with the assistance of Arthur J. Gallagher & Co., the Town's agent for employee health insurance benefits.

In 2009, the Town engaged the actuarial firm of Milliman USA to prepare a valuation as to how the Town and the Board of Education might be fiscally impacted relative to providing post-retirement healthcare benefits for eligible retirees. The Town met the mandatory implementation date, as required in Governmental Accounting Standards Board (GASB) Statement No. 45, by adopting a systematic plan to phase in the costs associated with *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (OPEB). The Town will continue to update the valuation every two years. The July 1, 2015 valuation was the last one received.

The Town has insurance coverage for workers compensation, general liability, automobile liability, physical damage, and professional liability. Coverage is provided from the Connecticut Interlocal Risk Management Association (CIRMA). The Town engaged USI Insurance Services, LLC to determine the Town's insurance needs, and they review insurance proposals, loss data, and other information, and make recommendations to the Town Manager and Board of Education to review and monitor our insurance program and experience.

#### Other Information

##### *Independent Audit*

Connecticut General Statutes require that all municipalities have their accounts audited annually by an independent public accountant as required under Connecticut General Statutes Section 7-392. The Board of Finance appointed Blum, Shapiro & Company, P.C., certified public accountants, to conduct the 2016-17 Town's audit. The independent auditors' report is included in this document.

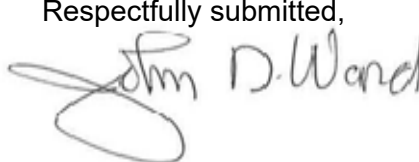
##### *Certificate of Achievement*

This report has been prepared following the guidelines of the Government Finance Officers Association (GFOA) of the United States and Canada and the Governmental Accounting Standards Board (GASB). The GFOA awards a Certificate of Achievement for Excellence in Financial Reporting to governmental units that publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. A **Certificate of Achievement**, which is valid for one year only, is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment for a government unit and its management. The Town has continually received this award for 11 years. The Town intends to submit this report to GFOA for review under this program.

##### Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Board of Selectmen, Board of Finance, and the Finance Department, especially Administration Finance Officer, Barbarajean C. Scibelli and her staff. I would again like to express my appreciation to them and other town departments who assisted in compiling this report. My office aims to provide support and advice necessary to carry out the policies of the Granby Board of Selectmen and Board of Finance, along with any challenging issues that may confront Granby in the years ahead.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "John D. Ward". The signature is fluid and cursive, with a large, stylized initial "J".

John D. Ward  
Town Manager



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Town of Granby  
Connecticut**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**



Executive Director/CEO



## **Financial Section**



Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Board of Finance  
Town of Granby, 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 Granby, Connecticut, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Granby, Connecticut's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditors' Responsibility***

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

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

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

## ***Opinions***

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

## ***Change in Accounting Principle***

As discussed in Note 13 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16, the budgetary comparison information on pages 58 through 61, and the pension and OPEB schedules on pages 62 through 68 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 Granby, Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

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 Granby, Connecticut, as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated December 27, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The accompanying General Fund balance sheet as of June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2016 financial statements. The accompanying General Fund balance sheet has been subjected to the auditing procedures applied in the audit of the 2016 basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund balance sheet is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2017 on our consideration of the Town of Granby, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Granby, Connecticut's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Granby, Connecticut's internal control over financial reporting and compliance.

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

West Hartford, Connecticut  
December 21, 2017

## Management's Discussion and Analysis

This Annual Financial Report is prepared using the financial reporting requirements of the Government Accounting Standards Board (GASB) Statement 34. GASB Statement 34 requires that we, as the managers of the Town of Granby, prepare a report that focuses on our most important, or "major" funds, including the general fund.

Fund statements measure and report the "operating results" of many funds by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of individual funds using the same measures governments use when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Budgetary compliance remains an important part of governmental accountability. Our financial statements include the *original* budget as well as the final amended budget.

Our hope is to provide you, the reader, with an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable you to assess whether Granby's financial position has improved or deteriorated as a result of the year's operations. The annual financial report includes government-wide financial statements prepared on the accrual basis for all of the government's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In summary, the government-wide financial statements will assist the reader to:

- Assess the finances of Granby in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were sufficient to pay for current-year services;
- See the costs of providing you the services you have requested of us;
- See how we finance the programs you have asked for – through user fees and other program revenues versus general tax revenues;
- Understand the extent to which your government has invested in capital assets, including roads, bridges, schools, parks, and other infrastructure assets; and
- Make better comparisons between governments.

The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34:

- ✱ **Management's Discussion and Analysis (MD&A)** – An introduction to the basic financial statements and an analytical overview of the government's financial activities. The MD&A provides an objective and easily readable analysis of the Town's financial activities based on currently known facts, decisions, or conditions. The MD&A:
  - ❑ Includes comparisons of the current year to the prior year based on government-wide information;
  - ❑ Provides an analysis of our overall financial position and the results of operations to assist you in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
  - ❑ Analyzes significant changes in fund and major budget variances;
  - ❑ Describes capital asset and long-term debt activity during the year; and

- ❑ Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

## ✳ **Basic Financial Statements**

➤ **Government-Wide Financial Statements** are designed to provide readers with a broad overview of the Town of Granby's finances, in a manner similar to private-sector business.

- *Government-Wide Financial Statements* include a *statement of net position* which presents information on all of the Town of Granby's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Granby is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee vacation and sick leave). The statement of activities is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the government. Both of the government-wide financial statements distinguish functions of the Town of Granby that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, public safety, public works and environment, recreation and social services, education, and interest on long-term debt.
- Fiduciary activities whose resources are not available to finance our governmental programs are excluded from these statements.

Capital assets, including infrastructure, are reported along with accumulated depreciation expense in the statement of net position. Net position is reported as capital assets net of related debt, restricted, and unrestricted. Permanent endowments or permanent fund principal amounts included in restricted net position are shown as either expendable or nonexpendable.

Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expenses include all direct expenses. General revenues such as taxes and special and extraordinary items are reported separately, ultimately arriving at the change in net assets for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

➤ **Fund Financial Statements** are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Granby, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental fund* financial statements include financial data for the general fund, capital projects fund, special revenue funds and permanent funds and are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The focus of governmental funds is narrower than that of the government-wide financial statements, thus it is useful to compare the information presented for *governmental activities* in the government-wide financial statements with similar information presented for *governmental funds* in the long-term impact of the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. The Town of Granby maintains thirty-three individual governmental funds. The twenty-eight special revenue funds and two permanent funds are included in the nonmajor governmental funds category. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, and the small cities fund, all of which are considered to be major funds. Data from the other thirty governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the thirty nonmajor governmental funds is provided in the form of *combining statements* under Supplemental Information, *Exhibits B-1 and B-2*. The Town of Granby adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with budget appropriations.
- *Proprietary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The Town of Granby maintains one type of proprietary fund, an internal service fund. *Internal service funds* are an accounting device used to calculate and allocate costs internally among the Town of Granby's various functions. The Town uses an internal service fund to account for its employee health benefits, collecting employer and employee payments and disbursing payments as required. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

- *Fiduciary fund* financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Granby's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fund financial statements are presented for primary government and proprietary funds. Governmental fund statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Proprietary fund statements are comprised of a statement of net position, a statement of revenues, expenses, and changes in net fund position, and a statement of cash flows. A summary reconciliation of the fund and government-wide statements accompanies the fund financial statements.

Separate columns are shown for the general fund and for the capital projects fund, the two major governmental funds. Major funds are funds whose revenues, expenditures/expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds. Non-major funds are reported in the aggregate in a separate column as are internal service funds on the proprietary fund statements.

Governmental fund balances are segregated into five categories: nonspendable, restricted, committed, assigned, and unassigned. (See Exhibit III – Balance Sheet, Governmental Funds, Note 1.M, and Note 9, Fund Balance, of the Notes to the Financial Statements for a detailed explanation).

Proprietary fund net position is reported in the same categories required for government-wide financial statements. Proprietary fund statements of net position distinguish between current and non-current assets and liabilities and display restricted assets.

The statements distinguish between operating and non-operating revenues and expenses in proprietary fund statements of revenues, expenses, and changes in net fund assets. At the bottom of these statements, we reflect capital contributions, contributions to permanent and term endowments, special and extraordinary items, and transfers in arriving at the all-inclusive change in fund net position.

We present separate fiduciary fund statements used to report assets held in a trustee or agency capacity for others and which cannot be used for our own programs. We must show a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary fund statements also disclose interfund loans, interfund services provided and used, and interfund transfers.

#### ➤ Notes to the Financial Statements

- Consist of notes that provide information essential to your understanding of the data provided in the government-wide and fund financial statements.



- Required Supplementary Information (RSI) consists of MD&A, budgetary comparison schedules, pension information, and retiree health insurance.

General Fund

RSI-1 Schedule of Revenues and Other Financing Sources - Budget and Actual

RSI-2 Schedule of Expenditures and Other Financing Uses - Budget and Actual

Pension Trust Fund:

RSI-3 Schedule of Changes in Net Pension Liability and Related Ratios

RSI-4 Schedule of Employer Contributions

RSI-5 Schedule of Investment Returns

Teachers Retirement Plan

RSI-6 Schedule of the Town's Proportionate Share of the Net Pension Liability

OPEB Plan:

RSI-7 Schedule of Changes in Net OPEB Liability and Related Ratios

RSI-8 Schedule of Employer Contributions

RSI-9 Schedule of Investment Returns

The combining statements referred to earlier in connection with nonmajor governmental funds and fiduciary funds are presented immediately following the required supplementary information.

As management of the Town of Granby, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here and in the Town's financial statements, Exhibits I to IX, and the Notes to the Financial Statements.

## **Financial Highlights**

- The assets of the Town of Granby exceeded its liabilities at the close of the most recent year by \$56,718,740 (net position). Of this amount, \$7,492,168 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$1,125,945.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,902,337, a decrease of \$525,633 in comparison with the prior year. Unassigned fund balances amounted to a collective \$3,499,079, or 6.46% of total revenues of \$54,163,297.
- At the end of the 2017 fiscal year, unassigned fund balance for the general fund was \$3,490,747. Unassigned general fund balance represents 7.07% of total general fund revenues of \$49,373,122.
- The Town of Granby paid \$2,815,000 in maturing bond principal and issued no new bonds reducing our long-term debt to \$18,125,000.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Granby, assets exceeded liabilities by \$56,718,740 at the close of the most recent fiscal year. By far the largest portion of the Town's net position, \$49,033,010 (86.45%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets

that is still outstanding. The Town of Granby uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table 1. Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 14,999,415	\$ 16,321,523
Capital assets, net of accumulated depreciation	69,782,438	71,562,614
Total assets	<u>84,781,853</u>	<u>87,884,137</u>
Deferred Outflow of Resources:	<u>734,318</u>	<u>1,956,114</u>
Long-term debt outstanding	25,392,482	28,981,767
Other liabilities	3,323,336	2,899,186
Total liabilities	<u>28,715,818</u>	<u>31,880,953</u>
Deferred Inflow of Resources	<u>81,613</u>	<u>114,613</u>
Net Position:		
Net investment in capital assets	49,033,010	48,090,657
Restricted	193,562	253,639
Unrestricted	<u>7,492,168</u>	<u>9,500,389</u>
Total Net Position	<u>\$ 56,718,740</u>	<u>\$ 57,844,685</u>

A portion of the Town's net position, \$193,562 (0.34%), represents resources that are subject to external restrictions on how they may be used. An amount of \$176,148 is set aside for debt service and \$17,414 is restricted for expendable trust purposes. The remaining balance of *unrestricted net position*, \$7,492,168, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Granby is able to report positive balances in all three categories of net position both for government as a whole as well as for its separate governmental activities. The same situation held true for the prior fiscal year.

The government's net position decreased by \$1,125,945 from operations during the current fiscal year. There were a number of positive and negative influences on this outcome. Reducing net position was a lowering of fund balances by \$525,633; an excess of depreciation expense over capital expenditures of \$1,679,982; accounting changes for property tax receivables, accrued property taxes and interest, and deferred outflows related to pensions for \$1,298,446; and a decrease in the internal service fund net position of \$1,140,766. Offsetting these declines in net position was a net \$915,375 of various expense related transactions and a net decrease in debt related liabilities of \$2,703,701.

The Town brought in total general revenues of \$36,702,849 which fell short of its net program expenses of \$37,828,794 by the amount of the net asset decrease. Gross expenses of \$55,680,635 were offset by \$3,420,631 in charges for services and \$14,431,210 in operating grants and contributions. The balance of the Town's total revenues of \$54,554,690 came in the form of \$35,962,069 of local property tax collections, \$486,336 as unrestricted grants and contributions, \$97,578 of unrestricted investment earnings, and \$156,866 of miscellaneous income. Of the net program expenses, \$25,616,662 was attributable to the Board of Education. Net general government expenses accounted for \$3,828,271, public safety \$2,696,907, public works and environment \$3,903,056, recreation and social services \$969,697, and interest on long-term debt \$814,201.

**Governmental activities.** Governmental activities decreased the Town's net position by \$1,125,945 as discussed above and shown in the following chart, accounting for 100% of the total increase in our net position. Key elements of this increase are as follows:

**Table 2. Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Revenues:		
Program revenues:		
Charges for services	\$ 3,420,631	\$ 3,969,812
Operating grants and contributions	14,431,210	11,870,357
Capital grants and contributions		328,438
General revenues:		
Property taxes	35,962,069	34,987,703
Grants and contributions not restricted to specific purpose	486,336	417,422
Unrestricted investment earnings	97,578	90,373
Other general revenues	156,866	67,065
Total revenues	<u>54,554,690</u>	<u>51,731,170</u>
Program Expenses:		
General government	5,119,003	4,329,900
Public safety	3,499,740	3,293,836
Public works and environment	4,676,148	4,327,217
Recreation and social services	1,776,257	1,623,142
Education	39,795,286	37,829,540
Interest on long-term debt	814,201	940,632
Total program expenses	<u>55,680,635</u>	<u>52,344,267</u>
Change in Net Position	(1,125,945)	(613,097)
Net Position at Beginning of Year	<u>57,844,685</u>	<u>58,457,782</u>
Net Position at End of Year	<u>\$ 56,718,740</u>	<u>\$ 57,844,685</u>

On the revenue side, total revenues from the prior year increased by \$2,823,520 or 5.46%. Property tax collections were up \$974,366 (2.78%) reflecting the change in the state's car tax and a healthy collection rate. Charges for services declined \$549,181 (13.83%) comprised almost entirely by a \$565,251 drop in education fees. Operating grants and contributions realized a \$2,560,853 increase from \$2,013,747 more in teachers' retirement in-kind contribution education grants posted as an accounting entry only and \$589,503 more in general government grants arising from a small cities grant not received last year. Gross expenses of \$55,680,635 rose \$3,336,368 (6.37%) over last year due to education, up \$1,965,746, general government \$789,103, and public works and environment, \$348,931.

Chart 1 following presents the costs of each of the Town's six programs 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.

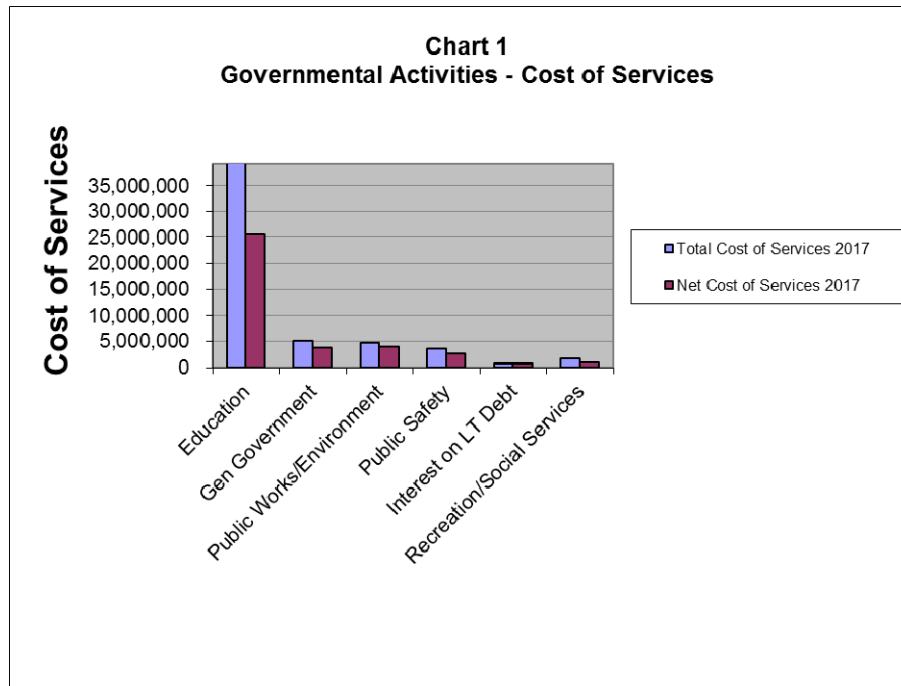
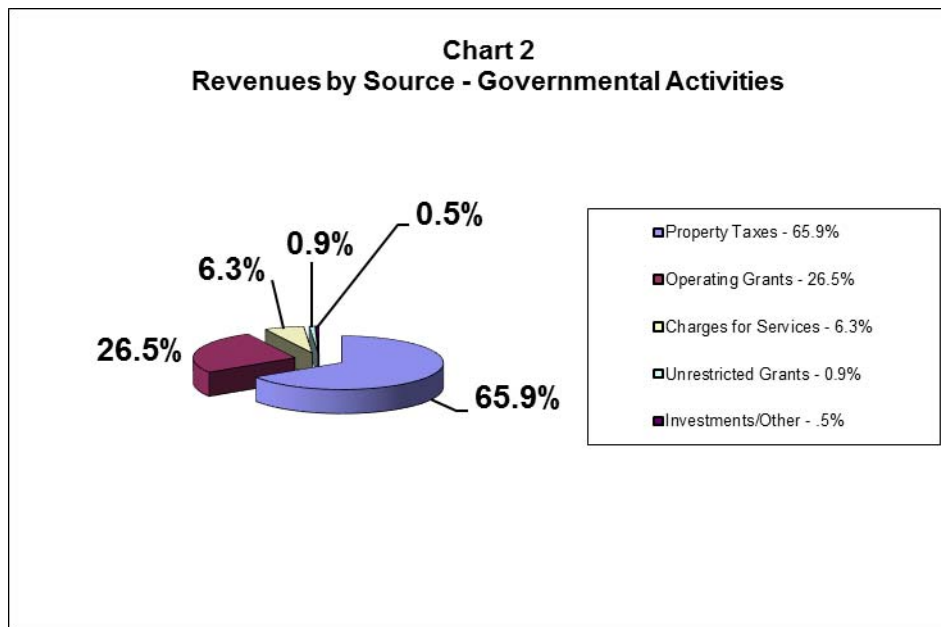


Chart 2 following indicates the sources of all Town revenues and the percentage of total Town revenue these individual revenues represent.



## Financial Analysis of the Government's Funds

As noted earlier, the Town of Granby uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Granby's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,902,337, a decrease of \$525,633 in comparison with the prior year. Unrestricted fund balance (committed, assigned, and unassigned), which is available for spending at the government's discretion, amounts to \$8,229,246. The General Fund, the Capital Projects Fund, and the Other Governmental Funds all posted positive fund balances for the year. Nonspendable fund balance in the amount of \$17,414 is not available for new spending because it represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts) and restricted fund balance of \$1,655,677 represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments, specifically, \$176,148 for debt service and \$1,445,386 for grants.

The general fund is the chief operating fund of the Town of Granby. At the end of the current fiscal year, the unrestricted fund balance (and total fund balance) of the general fund was \$4,811,771. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance (and total fund balance) represents 9.75% of total general fund revenues of \$49,373,122.

The fund balance of the Town's general fund increased by \$129,837 during the current fiscal year. We completed the year with an operating surplus of \$1,527,753, but with net transfers out of \$1,397,916 to our capital projects fund and a variety of nonmajor special revenue funds for budgeted expenditures, we reduced our total fund balance increase to a closing fund balance of \$4,811,771.

The capital projects fund balance fell by \$686,353 to \$1,078,020 reflecting \$3,151,928 of capital expenditures for reconfiguration and upgrading of the Kelly Lane School, renovations to the north barn at Holcomb Farm, purchase of technology equipment for the board of education, and town vehicles and equipment. These expenditures were funded by \$21,192 of grants and other revenue, \$1,759,652 of transfers in, and \$764,731 in new capital leases. Transfers out of \$80,000 produced a net other financing sources of \$2,444,383 resulting in a \$686,353 drawdown of the fund balance already noted.

The small cities fund, a grant funded capital account, is used for a housing rehabilitation program. The fund realized \$637,954 in revenues from grants and homeowners repaying their loans and a general government outlay of \$627,211 for an operating gain of \$10,743 and a closing fund balance of \$34,143.

**Proprietary fund.** The Town of Granby's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. As indicated earlier, we use an internal service fund to account for employee health benefits.

Net position of the internal service fund at the end of the 2017 year amounted to \$1,507,313, down \$1,140,766 from FY 2016, all of which is unrestricted. The total decrease in net position for the fund arose due to health insurance claims and administrative costs of \$6,847,032 exceeding interest earned, employee premiums, and Town and Board of Education contributions of \$5,696,621.

## General Fund Budgetary Highlights

The original revenue budget of \$43,774,191 and the final revenue budget remained unchanged. The original expenditure budget of \$43,774,191 was adjusted up by a net \$68,641 by a number of small increases and decreases within a number of different line items.

During the year, actual revenues exceeded budgeted revenues by \$1,250,188 and actual expenditures were \$475,883 under budget, providing an overall positive budget variance of \$1,726,071. Property taxes collected contributed \$1,342,381 more than expected; intergovernmental revenues fell short by \$391,005 because of \$345,234 less municipal revenue sharing for motor vehicles; local revenues exceeded budget by \$91,672; and other miscellaneous revenues added \$164,148 to the revenue overage. Every expenditure category contributed to the positive budgetary outcome in varying amounts. For additional information, please see Exhibit RSI-1 and RSI-2 under Required Supplementary Information contained in this report.

## Capital Asset and Debt Administration

**Capital Assets.** The Town of Granby's investment in capital assets for its governmental assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total net decrease (after dispositions and depreciation) in the Town's net investment in capital assets for the current fiscal year was \$1,780,176.

Major capital asset events during the current fiscal year included the following:

- We added \$781,856 of new construction in progress and completed \$785,611 of work for reconfiguration of the Kelly Lane school after the closing of the Frank M. Kearns school;
- We added \$800,511 in buildings and improvements to reconfigure the Kelly Lane School and adding a covered walkway at the Holcomb Farm north barn;
- We purchased/leased \$579,989 for vehicles and equipment for the Town and for the Board of Education and disposed of \$263,111 of vehicles that were fully depreciated, obsolete, or beyond their useful life.

A summary of our capital assets is as follows:

**Table 3. Capital Assets at Year-end (Net of Depreciation)**

	Governmental Activities	
	2017	2016
Land (not depreciated)	\$ 8,461,829	\$ 8,461,829
Construction in progress (not depreciated)	254,552	258,307
Buildings and improvements	41,161,329	42,259,744
Vehicles and equipment	2,644,665	2,634,958
Infrastructure	17,260,063	17,947,776
Total	\$ 69,782,438	\$ 71,562,614

Additional information on the Town of Granby's capital assets can be found in Note 5, Capital Assets of this report.

**Long-term debt.** At the end of the 2017 fiscal year, the Town of Granby had \$18,125,000 of long-term bonded debt and no short-term debt. We paid off \$2,815,000 of bond principal and \$829,006 of interest. One hundred percent of Granby's indebtedness is general obligation debt secured by the full faith and credit of the Town.

**Table 4. Long-Term Debt**

<u>Date</u>	<u>Purpose</u>	<u>Rate</u>	<u>Original</u>	<u>Debt</u>	<u>Fiscal Year Maturity</u>
3/24/2005	Public Improvement, Refunding	3.90	\$ 9,750,000	\$ 3,085,000	2020
2/15/2006	Public Improvement	3.8-5.00	10,000,000	4,880,000	2026
8/15/2006	School	4.0-5.00	7,800,000	2,400,000	2021
2/15/2013	Public Improvement	2.0-4.0	<u>8,700,000</u>	<u>7,760,000</u>	2033
			<u>\$ 36,250,000</u>	<u>\$ 18,125,000</u>	

We issued no new debt this fiscal year.

State statutes limit the amount of general obligation debt a governmental entity may issue to seven times its tax collections plus interest and lien fees. For June 30, 2017, the maximum amount of borrowing permitted under the formula would be \$253,000,860. In computing the statutory debt limit, \$1,539,277 of debt authorized but unissued is included. With total borrowings of \$19,664,277, the Town's outstanding general obligation debt is \$233,336,583 below the maximum debt limitation (See Note 7. Long-Term Debt, of this report and Table 10 – Statement of Debt Limitation).

Standard & Poor's Corporation (S&P), one of the three nationally recognized municipal credit rating agencies, rates our outstanding bonded debt "AA+".

The Town has entered into a number of capital leases which are treated as a long-term liability on the balance sheet. These leases vary in duration through June 21, 2022 and bear interest rates from 2.2% to 2.92%. As of June 30, 2017, we had combined capital lease obligations outstanding in the amount of \$1,937,394 the proceeds of which were used for the purchase of vehicles and equipment including technology, a heavy duty dump truck with plow, and a back hoe (Also see Note 8. Leases, of this report).

### **Economic Factors and Next Year's Budget**

- The unemployment rate for the Town of Granby was 3.7% as of June 30, 2017, which is a 0.7% decrease from a rate of 4.4% from a year ago. This compares favorably to the state's average unemployment rate of 5.1% and the national average rate of 4.5% (not seasonally adjusted).
- Inflationary trends in the region compare favorably to the national indices.
- The FY 2018 budget was approved in accordance with the Town charter on April 24, 2017.

The FY 2017 - 18 budget incorporates several goals and objectives:

- Continue to *maintain or increase the effectiveness and the efficiency of town services* by the use of new technology and best practice methods.
- Attempt to *hold the line with the number of full-time and part-time employees*. This has been accomplished by regularly evaluating services and by examining alternative methods of service delivery without sacrificing quality of service.
- *Payments for debt service* requirements to be met by budgeting from the town's capital reserve set-aside fund. This so-called set-aside fund is designed to meet future capital project costs. A sufficient fund balance is also necessary to be in place to meet unanticipated needs, such as storm damage and clean up, and to maintain a high degree of flexibility in the event of economic shifts.
- *Pay by cash for some capital expenditures, when deemed appropriate*, or a phase in to combine the impact of some capital projects over two or more fiscal years is considered. Equipment lease purchases designed to soften shifts in tax increases are also reviewed during the budget process.
- Continue to *update the town's long-range operating and capital forecast models* in order to meet an endorsed "Statement of Commitment" and to better predict the mill rate impact of larger capital budget requirements.
- *Budget revenue sources reasonably and put in place competitive user fees* to fund certain essential and non-essential, but desirable, programs for all non-mandatory services.

For FY 2017 - 2018, Granby's budget rose \$251,501 (0.57%) from \$43,774,191 to \$44,025,692.

### Revenues

The local real estate, personal property, and motor vehicle tax levy on the grand list of October 1, 2016 rose \$1,086,167, or 1.00 mill relative to last year, from 36.94 mills to 37.94 mills, a 2.71% raise. Other property tax revenues rose slightly to \$615,000 from \$598,000, reflecting estimated supplemental motor vehicle taxes as a result of new car purchases after the 10/1 grand list. Intergovernmental grants from the state and federal government were set at \$6,441,233 which is \$962,346 less than last year to reflect a lower ECS grant and funding for MRSA activity relating to the motor vehicle tax. We budgeted a \$77,680 increase in local revenues and transfers from fiscal year 2017's \$645,081 to \$722,761. Budgeted use of general fund balance to offset further tax increases amounted to \$1,050,000, up \$50,000 from the prior year.

General government expenditures of \$10,475,000 (before capital expenditures and debt service) are \$114,436 over last year and represent 23.79% of the total budget while the Board of Education's \$28,656,152 (up \$223,516 from last year) share amounted to 65.09% of the \$44,025,692 budget. There was no budgeted CNEF capital outlays, but the general government operating budget provided for \$1,350,000 of capital expenditures. The remainder of the budget is devoted to debt service (\$3,544,540 – 8.05%). Debt service, almost all of which is education related, decreased by \$108,451 reflecting decreased interest expense as outstanding principal is amortized.

All of these factors were considered in preparing the Town of Granby's budget for the 2018 fiscal year.

At the close of the June 30, 2017 fiscal year, unrestricted fund balance in the general fund was reported at \$4,811,771. The Town has appropriated \$1,050,000 of this amount for spending in the 2018 fiscal year budget.



## **Requests for Information**

This financial report is designed to provide a general overview of the Town of Granby's finances for all those with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Manager or to the Administration Finance Officer, Town of Granby, Town Hall, 15 North Granby Road, Granby, CT 06035-2125.

## **Basic Financial Statements**

**TOWN OF GRANBY, CONNECTICUT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

	<b>Governmental Activities</b>
Assets:	
Cash and cash equivalents	\$ 6,539,452
Investments	6,102,254
Receivables, net	2,357,709
Capital assets not being depreciated	8,716,381
Capital assets being depreciated, net	61,066,057
Total assets	<u>84,781,853</u>
Deferred Outflows of Resources:	
Deferred outflows related to pensions	695,926
Deferred charge on refunding	38,392
Total deferred outflows of resources	<u>734,318</u>
Liabilities:	
Accounts and other payables	1,393,900
Accrued interest	288,808
Unearned revenue	1,222,235
Claims payable	418,393
Noncurrent liabilities:	
Due within one year	4,083,634
Due in more than one year	21,308,848
Total liabilities	<u>28,715,818</u>
Deferred Inflows of Resources:	
Deferred inflows related to pensions	47,934
Advance property tax collections	33,679
Total deferred inflows of resources	<u>81,613</u>
Net Position:	
Net investment in capital assets	49,033,010
Restricted for:	
Debt service	176,148
Trust purposes:	
Nonexpendable	17,414
Unrestricted	<u>7,492,168</u>
Total Net Position	<u>\$ 56,718,740</u>

The accompanying notes are an integral part of the financial statements

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 5,119,003	\$ 696,496	\$ 594,236	\$	\$ (3,828,271)
Public safety	3,499,740	796,949	5,884		(2,696,907)
Public works and environment	4,676,148	425,099	347,993		(3,903,056)
Recreation and social services	1,776,257	688,951	117,609		(969,697)
Education	39,795,286	813,136	13,365,488		(25,616,662)
Interest on long-term debt	814,201				(814,201)
Total	<u>\$ 55,680,635</u>	<u>\$ 3,420,631</u>	<u>\$ 14,431,210</u>	<u>\$ -</u>	<u>(37,828,794)</u>
General revenues:					
Property taxes					35,962,069
Grants and contributions not restricted to specific programs					486,336
Unrestricted investment earnings					97,578
Miscellaneous					156,866
Total general revenues					<u>36,702,849</u>
Change in net position					(1,125,945)
Net Position at Beginning of Year					<u>57,844,685</u>
Net Position at End of Year					<u>\$ 56,718,740</u>

The accompanying notes are an integral part of the financial statements

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

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,233,361	\$	\$ 64,734	\$ 962,627	\$ 6,260,722
Investments	6,102,254				6,102,254
Receivables, net	1,081,157		1,207,156	69,396	2,357,709
Due from other funds	<u>608,388</u>	<u>1,078,020</u>		<u>3,995,574</u>	<u>5,681,982</u>
Total Assets	<u>\$ 13,025,160</u>	<u>\$ 1,078,020</u>	<u>\$ 1,271,890</u>	<u>\$ 5,027,597</u>	<u>\$ 20,402,667</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 927,759	\$	\$ 30,591	\$ 425,727	\$ 1,384,077
Due to other funds	6,730,393			608,388	7,338,781
Unearned revenue			1,207,156	15,079	1,222,235
Total liabilities	<u>7,658,152</u>	<u>-</u>	<u>1,237,747</u>	<u>1,049,194</u>	<u>9,945,093</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	521,558				521,558
Advance tax collections	<u>33,679</u>				<u>33,679</u>
Total deferred inflows of resources	<u>555,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>555,237</u>
Fund balances:					
Nonspendable				17,414	17,414
Restricted			34,143	1,621,534	1,655,677
Committed	51,064	1,078,020		2,381,123	3,510,207
Assigned	1,269,960				1,269,960
Unassigned	<u>3,490,747</u>			<u>(41,668)</u>	<u>3,449,079</u>
Total fund balances	<u>4,811,771</u>	<u>1,078,020</u>	<u>34,143</u>	<u>3,978,403</u>	<u>9,902,337</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,025,160</u>	<u>\$ 1,078,020</u>	<u>\$ 1,271,890</u>	<u>\$ 5,027,597</u>	<u>\$ 20,402,667</u>

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

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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)	\$ 9,902,337
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 120,608,633	
Less accumulated depreciation	<u>(50,826,195)</u>	
Net capital assets		69,782,438

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

Property tax receivables greater than 60 days	406,825
Interest receivable on property taxes	114,733
Deferred outflows of resources related to pensions	695,926
Deferred charges on refunding	38,392

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.

1,507,313

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

Net pension liability	(3,195,466)
Bonds and notes payable	(18,125,000)
Interest payable on bonds and notes	(288,808)
Compensated absences	(989,879)
Claims and judgments	(59,934)
Capital lease	(1,937,394)
Unamortized bond premium	(725,426)
Net OPEB obligation	(359,383)
Deferred inflows of resources related to pensions	<u>(47,934)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 56,718,740</u>
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The accompanying notes are an integral part of the financial statements

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

	<u>General</u>	<u>Capital Projects</u>	<u>Small Cities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 36,067,912	\$	\$	\$	\$ 36,067,912
Intergovernmental	12,481,611	8,468	586,669	1,739,873	14,816,621
Licenses, fees and charges for services	420,072			2,190,608	2,610,680
Investment income	78,146	5,388	29	4,370	87,933
Other revenues	325,381	7,336	51,256	196,178	580,151
Total revenues	<u>49,373,122</u>	<u>21,192</u>	<u>637,954</u>	<u>4,131,029</u>	<u>54,163,297</u>
Expenditures:					
Current:					
General government	3,749,328		627,211	4,000	4,380,539
Public safety	2,587,087			698,950	3,286,037
Public works and environmental	3,106,240			314,095	3,420,335
Recreation and social services	832,031			800,172	1,632,203
Education	33,926,677			2,222,936	36,149,613
Capital outlay		3,151,928			3,151,928
Debt service	3,644,006				3,644,006
Total expenditures	<u>47,845,369</u>	<u>3,151,928</u>	<u>627,211</u>	<u>4,040,153</u>	<u>55,664,661</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,527,753</u>	<u>(3,130,736)</u>	<u>10,743</u>	<u>90,876</u>	<u>(1,501,364)</u>
Other Financing Sources (Uses):					
Transfers in	130,199	1,759,652		123,463	2,013,314
Transfers out	(1,528,115)	(80,000)		(405,199)	(2,013,314)
Capital lease issuance		764,731		211,000	975,731
Total other financing sources (uses)	<u>(1,397,916)</u>	<u>2,444,383</u>	<u>-</u>	<u>(70,736)</u>	<u>975,731</u>
Net Change in Fund Balances	129,837	(686,353)	10,743	20,140	(525,633)
Fund Balances at Beginning of Year	<u>4,681,934</u>	<u>1,764,373</u>	<u>23,400</u>	<u>3,958,263</u>	<u>10,427,970</u>
Fund Balances at End of Year	<u>\$ 4,811,771</u>	<u>\$ 1,078,020</u>	<u>\$ 34,143</u>	<u>\$ 3,978,403</u>	<u>\$ 9,902,337</u>

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

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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)	\$ (525,633)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	1,376,745
Depreciation expense	(3,056,727)

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.	(100,194)
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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:

Property tax receivable - accrual basis change	(68,672)
Property tax interest and lien revenue - accrual basis change	(37,171)
Change in deferred outflows amounts related to pensions	(1,192,603)

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 issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Bond principal payments	2,815,000
Capital lease payments	864,432
Capital lease financing	(975,731)

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	(25,568)
Claims and judgments	(59,934)
Accrued interest	44,886
Amortization of deferred charge on refunding	(29,193)
Amortization of bond premiums	48,021
Net OPEB expense	137,361
Pension obligation	785,704
Change in deferred inflows amounts related to pensions	14,098

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.	<u>(1,140,766)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ (1,125,945)</u>
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The accompanying notes are an integral part of the financial statements



**TOWN OF GRANBY, CONNECTICUT  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017**

	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
Assets:	
Current:	
Cash and cash equivalents	\$ 278,730
Due from other funds	<u>1,656,799</u>
Total assets	<u>1,935,529</u>
Liabilities:	
Current:	
Accounts and other payables	9,823
Risk management claims	<u>418,393</u>
Total liabilities	<u>428,216</u>
Net Position:	
Unrestricted	\$ <u><u>1,507,313</u></u>

The accompanying notes are an integral part of the financial statements

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

	<b>Governmental Activities Internal Service Fund</b>
Operating Revenues:	
Contributions	\$ 4,027,078
Employee contributions	1,277,820
Other	391,723
Total operating revenues	<u>5,696,621</u>
Operating Expenses:	
Health insurance claims	6,019,965
Contribution to OPEB Trust Fund	233,043
Administrative and management fees	594,024
Total operating expenses	<u>6,847,032</u>
Operating Loss	(1,150,411)
Nonoperating Revenue:	
Revenues from use of money	<u>9,645</u>
Change in Net Position	(1,140,766)
Net Position at Beginning of Year	<u>2,648,079</u>
Net Position at End of Year	<u>\$ 1,507,313</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF GRANBY, CONNECTICUT**  
**PROPRIETARY FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<b>Governmental Activities Internal Service Fund</b>
Cash Flows from Operating Activities:	
Cash received from charges for services and contributions	\$ 6,766,781
Cash paid for claims, premiums and fees	<u>(6,847,511)</u>
Net cash provided by (used in) operating activities	(80,730)
Cash Flows from Investing Activities:	
Income on investments	<u>9,645</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(71,085)
Cash and Cash Equivalents at Beginning of Year	<u>349,815</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>278,730</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided by (Used in) Operating Activities:	
Operating income (loss)	\$ <u>(1,150,411)</u>
Adjustments to reconcile operating income (loss) to net cash	
provided by (used in) operating activities:	
(Increase) decrease in due from other funds	1,070,160
Increase (decrease) in accounts payable	449
Increase (decrease) in risk management claims	<u>(928)</u>
Total adjustments	<u>1,069,681</u>
Net Cash Provided by (Used in) Operating Activities	\$ <u><u>(80,730)</u></u>

The accompanying notes are an integral part of the financial statements

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

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	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 117,424	\$ 355,606
Investments - mutual funds	18,300,257	
Accounts receivable	<u>2,785</u>	<u>76,130</u>
Total assets	<u>18,420,466</u>	<u>\$ 431,736</u>
<b>Liabilities:</b>		
Due to employees and others	<u>-</u>	<u>\$ 431,736</u>
<b>Net Position:</b>		
Restricted for Pension Benefits and Other Post Employment Benefits	<u>\$ 18,420,466</u>	

The accompanying notes are an integral part of the financial statements

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

	<b>Pension and Other Post Employment Benefits Trust Funds</b>
Additions:	
Contributions:	
Employer	\$ 1,195,180
Employee	<u>161,662</u>
Total contributions	<u>1,356,842</u>
Investment income (loss):	
Net change in fair value of investments	2,062,699
Interest and dividends	<u>306,231</u>
Total investment gain (loss)	2,368,930
Less investment expenses:	
Investment management fees	<u>42,326</u>
Net investment income (loss)	<u>2,326,604</u>
Total additions	3,683,446
Deductions:	
Benefits	<u>1,516,829</u>
Change in Net Position	2,166,617
Net Position at Beginning of Year	<u>16,253,849</u>
Net Position at End of Year	<u>\$ 18,420,466</u>

The accompanying notes are an integral part of the financial statements

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

The financial statements of the Town of Granby (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 operates under a Charter as revised in November 2012. The form of government includes an elected Board of Selectmen, consisting of a First Selectman and four other members, an elected seven-member Board of Education, and an elected six-member Board of Finance.

Generally, the legislative power of the Town is vested with the Board of Selectmen. The Board of Selectmen may enact, amend or repeal ordinances and resolutions. The administration of Town offices and agencies, with the exception of the Board of Education, is the responsibility of the Town Manager who is appointed by the Board of Selectmen.

The Board of Finance is responsible for financial and taxation matters as prescribed by Town Charter and Connecticut General Statutes, and is responsible for presenting fiscal operating budgets for Town Meeting approval. The Town has the power to incur indebtedness by issuing bonds or notes as provided by Town Charter and Connecticut General Statutes.

### **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 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.

**TOWN OF GRANBY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund accounts for financial resources to be used for capital expenditures or for the acquisition or construction of capital facilities, improvements and/or equipment. Capital projects of greater than one year's duration have been accounted for in the Capital Projects Fund. Most of the capital outlays are financed by the issuance of general obligation bonds. Other sources include capital grants and interest income.

The Small Cities Fund accounts for federal grants to be used for the rehabilitation of private residential structures.

Additionally, the Town reports the following fund types:

The Internal Service Fund accounts for risk management activities of the Town.

The Pension and Other Employee Benefits Trust Funds account for the activities of the Town's Pension Plan and the Town Post Employment Benefit plan, which accumulates resources for pension benefit payments and healthcare payments to qualified Town employees.

The Agency Funds are custodial in nature (assets equal liabilities) and so do not involve measurement of results of operation. The High School Activity, Middle School Activity, Kelly Lane School Activity, Kearns School Activity, Wells Road School Activity and Contract Security Fund are the Town's agency funds.

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 GRANBY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

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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 fund are charges to customers for services. Operating expenses for the internal service fund include the cost of benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 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.

Based upon the annual budget as adopted, the Board of Finance establishes the tax rate to be levied on the taxable property for the ensuing year.

Property taxes are levied in June on all assessed property on the grand list of October 1 prior to the beginning of the fiscal year. Real and personal property tax bills in excess of \$100 are payable in two installments, July 1 and January 1, and motor vehicle taxes are payable in one installment on July 1. Taxes become delinquent 30 days after the installment is due. Delinquent taxes are billed at least twice a year, with interest at the rate of 1.5% per month. In accordance with state law, the oldest outstanding tax is collected first. Outstanding real estate tax accounts are normally lien-ed each year prior to June 30 with legal demands and alias warrants used in the collection of personal property and motor vehicle tax bills. Additional property taxes are assessed for motor vehicles registered subsequent to the grand list date through July 31 and are payable in one installment, which is due January 1.

Property tax revenues are recorded as receivable on the due date and are recognized as revenues to the extent collected during the fiscal year or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. Property taxes receivable not expected to be collected during the available period are reflected as deferred revenue in the fund financial statements. Property taxes receivable at June 30, 2017 is stated net of allowance for estimated uncollectible amounts of \$48,480.

The Town levies special assessments for the purpose of financing the construction of sanitary sewers. Such assessments are collectible in installments as provided by the Connecticut General Statutes. Assessment revenues are recognized when they are collected.



## **F. Inventories and Prepaid Items**

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

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

## **G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities 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 acquisition 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.

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

<b>Assets</b>	<b>Years</b>
Buildings	40-50
Building improvements	15-25
Public domain infrastructure	30-60
Vehicles	3-15
Office equipment	5-10
Computer equipment	5-10

## **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 differences between expected and actual experience and investment gains or losses. 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 and deferred inflows of resources related to pension in the government-wide statement of net position. 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. A deferred inflow of resources related to pension resulted from differences between expected and actual experience. 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). For governmental funds, in addition to advance tax collections, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

#### **I. Compensated Absences**

A limited amount of vacation time earned may be accumulated by employees until termination of their employment. Vacation leave is valued using current salary costs, as well as any salary related payments that are directly and incrementally connected with leave payments to employees. Sick leave accruals are also based on current salary costs as well as salary-related payments.

#### **J. Net Pension Liability**

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

#### **K. Net OPEB Obligation**

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

#### **L. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type 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. Bond issuance costs whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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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.

**M. Fund Equity**

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

**Net Investment in Capital Assets**

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

**Restricted Net Position**

Restrictions are externally imposed 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.

**Unrestricted Net Position**

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

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). Amounts remain committed until action is taken by the Board of Finance (resolution) to remove or revise the limitations.

**Assigned Fund Balance**

This represents amounts constrained for the intent to be used for a specific purpose by the Town Manager that has been delegated authority to assign amounts by the Town Charter.

**Unassigned Fund Balance**

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

## **N. Fund Balance Flow Assumptions**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **O. Use of Accounting Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

### **A. Budgetary Information**

For purposes of preparing the annual budget, the Town Manager compiles preliminary estimates of all departments and agencies, with the exception of the Board of Education, for presentation to the Board of Selectmen. After making such alterations or changes as it deems necessary, the Board of Selectmen presents the compiled budget to the Board of Finance. The Board of Education submits its estimates directly to the Board of Finance.

The Board of Finance may make such revisions to the Selectmen's and Education budget estimates as it deems desirable, and then holds a public hearing and presents a proposed budget on the second Monday in April. A machine vote on the budget is taken on the fourth Monday in April. If the budget does not pass, a hearing shall be held on the succeeding Monday for informational purposes with a machine vote on the following Monday. The process shall continue in this manner until a budget is adopted. The Board of Finance may make revisions between machine votes. Summaries of the revisions are then made available to the public.

Subject to certain restrictions, additional appropriations may be approved by the Board of Finance upon recommendation of the Board of Selectmen and certification on availability of the funds by the Town Manager. In this function, department budget accounts serve as the legal level of control. As a result of additional appropriations during fiscal year 2017, the original General Fund operating budget was increased by \$68,641.

Unencumbered appropriations lapse at the end of the fiscal year except for those in the capital projects and special revenue funds. Appropriations for these funds are continued until completion of the applicable projects, which often last more than one fiscal year.

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

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Budgets for Special Revenue Funds that are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. In some instances, such budgets comprehend more than one fiscal year or a fiscal period that does not coincide with the Town's fiscal year.

Legal authorization for Capital Projects is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until the purpose for which they are designated is completed.

Expenditures that will exceed the adopted budgets can be made only upon the authority of a supplemental appropriation or an approved budgetary transfer.

**B. Fund Deficits**

At June 30, 2017, the Town reported deficit fund balance for the following funds:

Nonmajor Governmental Funds:	
Ambulance Association	\$ 39,762
Emergency Management	\$ 1,906

The Town plans to address these deficits in subsequent years.

**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.

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**Deposits**

**Deposit Custodial Credit Risk**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$11,345,313 of the Town's bank balance of \$13,683,090 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,035,782
Uninsured and collateral held by the pledging bank's trust department, not in the Town's name	<u>1,309,531</u>
Total Amount Subject to Custodial Credit Risk	<u><u>\$ 11,345,313</u></u>

**Cash Equivalents**

At June 30, 2017, the Town's cash equivalents amounted to \$99,416. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

**Investments**

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

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
Certificates of deposit	*	\$ 6,102,254	\$ <u>6,102,254</u>	\$ <u>-</u>	\$ <u>-</u>
Other investments:					
Mutual funds		<u>18,300,257</u>			
Total Investments		<u><u>\$ 24,402,511</u></u>			

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

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**Interest Rate Risk**

The Town limits their maximum final stated maturities to 15 years, unless specific authority is given to exceed. To the extent possible, the Town will attempt to match its investments with anticipated cash flow requirements.

**Credit Risk - Investments**

As indicated above, State Statutes limit the investment options of cities and towns. The Town has an investment policy that allows the same type of investments as State Statutes.

**Concentration of Credit Risk**

The Town has no policy limiting an investment in any one issuer that is in excess of 5% of the Town's total investments.

**Custodial Credit Risk**

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2017, the Town did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

**Fair Value Disclosure**

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

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual Funds	\$ 18,300,257	\$ <u>18,300,257</u>	\$ <u>-</u>	\$ <u>-</u>
Investments not included above:				
Certificates of deposit	<u>6,102,254</u>			
Total Investments	\$ <u>24,402,511</u>			

Mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

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**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>Small Cities</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 114,733	\$	\$	\$ 114,733
Taxes	528,516			528,516
Intergovernmental			69,396	69,396
Loans		1,207,156		1,207,156
Other	<u>486,388</u>		<u>78,915</u>	<u>565,303</u>
Gross receivables	<u>1,129,637</u>	<u>1,207,156</u>	<u>148,311</u>	<u>2,485,104</u>
Less allowance for uncollectibles	<u>(48,480)</u>			<u>(48,480)</u>
Net Total Receivables	<u>\$ 1,081,157</u>	<u>\$ 1,207,156</u>	<u>\$ 148,311</u>	<u>\$ 2,436,624</u>

**5. CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,461,829	\$	\$	\$ 8,461,829
Construction in progress	<u>258,307</u>	<u>781,856</u>	<u>(785,611)</u>	<u>254,552</u>
Total capital assets not being depreciated	<u>8,720,136</u>	<u>781,856</u>	<u>(785,611)</u>	<u>8,716,381</u>
Capital assets being depreciated:				
Buildings and improvements	69,056,197	800,511	(43,129)	69,813,579
Vehicles and equipment	8,077,343	579,989	(263,111)	8,394,221
Infrastructure	<u>33,684,452</u>			<u>33,684,452</u>
Total capital assets being depreciated	<u>110,817,992</u>	<u>1,380,500</u>	<u>(306,240)</u>	<u>111,892,252</u>
Less accumulated depreciation for:				
Buildings and improvements	(26,796,453)	(1,865,777)	9,980	(28,652,250)
Vehicles and equipment	(5,442,385)	(503,237)	196,066	(5,749,556)
Infrastructure	<u>(15,736,676)</u>	<u>(687,713)</u>		<u>(16,424,389)</u>
Total accumulated depreciation	<u>(47,975,514)</u>	<u>(3,056,727)</u>	<u>206,046</u>	<u>(50,826,195)</u>
Total capital assets being depreciated, net	<u>62,842,478</u>	<u>(1,676,227)</u>	<u>(100,194)</u>	<u>61,066,057</u>
Governmental Activities Capital Assets, Net	<u>\$ 71,562,614</u>	<u>\$ (894,371)</u>	<u>\$ (885,805)</u>	<u>\$ 69,782,438</u>



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

Governmental activities:	
General government	\$ 63,964
Public safety	90,565
Public works and environment	779,953
Recreation and social services	96,074
Education	<u>2,026,171</u>
Total Depreciation Expense - Governmental Activities	\$ <u>3,056,727</u>

**Construction Commitments**

The Town has active construction projects as of June 30, 2017. At year end the Town's commitments with contractors are as follows:

	<u>Appropriation</u>	<u>Expenditures and Encumbrances</u>	<u>Unexpended Balance</u>
Streetscape Improvements	\$ 510,000	\$ 22,500	\$ 487,500

The commitments are being financed through General Fund appropriations, State and Federal grants, and the issuance of general obligation bonds.

**6. INTERFUND RECEIVABLE AND PAYABLE BALANCES**

During the course of operations, transactions are processed through a fund on behalf of another fund. Additionally, revenues received in one fund are transferred to another fund. A summary of interfund balances as of June 30, 2017 is presented below:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 608,388
Capital Projects Fund	General Fund	1,078,020
Nonmajor Governmental Funds	General Fund	3,995,574
Internal Service Fund	General Fund	<u>1,656,799</u>
Total		\$ <u>7,338,781</u>

The outstanding balances between funds result mainly from the timing between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

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Interfund transfers:

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total Transfers Out</u>
General Fund	\$	\$ 1,404,652	\$ 123,463	\$ 1,528,115
Capital Projects	80,000			80,000
Nonmajor Governmental Funds	<u>50,199</u>	<u>355,000</u>		<u>405,199</u>
Total Transfers In	\$ <u>130,199</u>	\$ <u>1,759,652</u>	\$ <u>123,463</u>	\$ <u>2,013,314</u>

Transfers are used to move General Fund revenues to finance various capital projects in accordance with budgetary authorizations, as well as to transfer amounts provided as subsidies or matching funds for various grant programs.

## **7. LONG-TERM DEBT**

### **Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 20,940,000	\$	\$ 2,815,000	\$ 18,125,000	\$ 2,820,000
Issuance premium on bonds	<u>773,447</u>		<u>48,021</u>	<u>725,426</u>	<u>48,021</u>
Total bonds payable	21,713,447	-	2,863,021	18,850,426	2,868,021
Capital leases	1,826,095	975,731	864,432	1,937,394	739,030
Claims and judgments		89,900	29,966	59,934	29,966
Compensated absences	964,311	469,879	444,311	989,879	446,617
Net OPEB obligation	496,744		137,361	359,383	
Net pension liability	<u>3,981,170</u>		<u>785,704</u>	<u>3,195,466</u>	
Total Governmental Activities					
Long-Term Liabilities	\$ <u>28,981,767</u>	\$ <u>1,535,510</u>	\$ <u>5,124,795</u>	\$ <u>25,392,482</u>	\$ <u>4,083,634</u>

For the governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund. Other post employment benefit obligation is liquidated by the OPEB Trust Fund.

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**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Town. General obligation bonds currently outstanding, their purpose and interest rate are as follows:

<b>Description</b>	
\$9,750,000 - General obligation refunding bonds issued March 24, 2005 and maturing on February 1, 2020; interest rate 3.9%	\$ 3,085,000
\$10,000,000 - General obligation bonds issued February 15, 2006 and maturing on February 15, 2026; interest rate from 3.8% to 5.0%	4,880,000
\$7,800,000 - General obligation bonds issued August 15, 2006 and maturing August 15, 2020; interest rate from 4.0% to 5.0%	2,400,000
\$8,700,000 - General obligation bonds issued February 13, 2013 and maturing February 1, 2033; interest rate from 2.0% to 4.0%	<u>7,760,000</u>
Total Bond Indebtedness	<u>\$ 18,125,000</u>

The following is a schedule of future debt service requirements as of June 30, 2017:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,820,000	\$ 714,540	\$ 3,534,540
2019	2,825,000	600,895	3,425,895
2020	2,285,000	482,355	2,767,355
2021	1,645,000	384,875	2,029,875
2022	1,040,000	327,625	1,367,625
2023-2027	4,660,000	980,625	5,640,625
2028-2032	2,380,000	306,475	2,686,475
2033	<u>470,000</u>	<u>15,275</u>	<u>485,275</u>
Total	<u>\$ 18,125,000</u>	<u>\$ 3,812,665</u>	<u>\$ 21,937,665</u>

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

<b>Category</b>	<b>Debt Limit</b>	<b>Net Indebtedness</b>	<b>Balance</b>
General purpose	\$ 81,321,705	\$ 5,535,000	\$ 75,786,705
Schools	162,643,410	14,129,277	148,514,133
Sewers	135,536,175		135,536,175
Urban renewal	117,464,685		117,464,685
Pension deficit	108,428,940		108,428,940

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The definition of indebtedness includes bonds outstanding in addition to the amount of bonds authorized and unissued against which debt is issued and outstanding. The Town has \$1,539,277 of authorized and unissued bonds at June 30, 2017.

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation (\$253,000,860).

## **8. LEASES**

### **Capital Leases**

The Town leases various vehicles, equipment and technology under capital lease arrangements. These leases vary in duration through June 21, 2022 and interest rates from 2.2% to 2.92%.

The Town has entered into capital lease agreements for the purchase of several vehicles and technology equipment.

	<u><b>Amount</b></u>
Assets:	
Vehicles and equipment	\$ 4,283,254
Less accumulated depreciation	<u>1,523,682</u>
Total	<u><u>\$ 2,759,572</u></u>

A summary of future minimum lease payments required by the lease agreements together with the present value of the net minimum lease payments as of June 30, 2017 is as follows:

<u><b>Year Ending June 30,</b></u>	<u><b>Amount</b></u>
2018	\$ 785,806
2019	567,651
2020	361,189
2021	231,856
2022	<u>91,059</u>
Total	2,037,561
Less amount representing interest	<u>100,167</u>
Total	<u><u>\$ 1,937,394</u></u>

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**9. FUND BALANCE**

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Small Cities Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable:					
Trust purposes	\$	\$	\$	\$ 17,414	\$ 17,414
Restricted for:					
Debt service				176,148	176,148
Grants			34,143	1,445,386	1,479,529
Committed to:					
Revaluation	51,064				51,064
Capital projects		85,438			85,438
Capital equipment		434,986			434,986
Bridge program		48,535			48,535
Various capital improvements		267,645			267,645
Capital and nonrecurring expenditures		241,416			241,416
General government				271,208	271,208
Public safety				40,934	40,934
Public works				1,240,725	1,240,725
Culture and recreation				605,551	605,551
Education				222,705	222,705
Assigned to:					
Subsequent year's budget	1,050,000				1,050,000
General government - encumbrances	59,651				59,651
Public safety - encumbrances	36,007				36,007
Public works - encumbrances	61,154				61,154
Culture and recreation - encumbrances	12,444				12,444
Education - encumbrances	50,704				50,704
Unassigned	<u>3,490,747</u>			<u>(41,668)</u>	<u>3,449,079</u>
Total Fund Balances	<u>\$ 4,811,771</u>	<u>\$ 1,078,020</u>	<u>\$ 34,143</u>	<u>\$ 3,978,403</u>	<u>\$ 9,902,337</u>

Encumbrances of \$219,960 are included in the general fund assigned category. Encumbrances of \$148,008 are included in the committed fund balance category for the capital projects fund.

**10. RISK MANAGEMENT**

The Town is exposed to various risks of loss 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 has chosen to retain the risks for employee insurance coverage. There has been no significant reduction in insurance coverage from the prior year for the categories risk insured commercially. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Town retains the risk associated with employee health insurance (medical claims plus prescription drugs) up to a maximum of \$125,000 per individual claim with an aggregate stop loss estimated at \$3,100,000. As of June 30, 2017, the Town has established a liability of \$418,393 to cover health insurance claims incurred but unreported. This claim liability is based on the requirements of GASB Statement No. 10, which requires that a liability claim be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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Changes in the claims liability were as follows:

		<b>Liability</b>	<b>Current Year</b>	<b>Claim</b>	<b>Liability</b>
		<b>July 1,</b>	<b>Claims and</b>	<b>Payments</b>	<b>June 30,</b>
			<b>Changes in</b>		
			<b>Estimates</b>		
2015-2016	\$	338,350	\$ 5,883,376	\$ 5,802,405	\$ 419,321
2016-2017		419,321	6,019,965	6,020,893	418,393

## **11. CONTINGENT LIABILITIES**

The Town is a defendant in a number of lawsuits. It is the opinion of management that such pending litigation will not be finally determined so as to result in a judgment or judgments against the Town that would materially affect its financial position.

## **12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **A. Pension Trust Fund**

The Town is the administrator of a single-employer Public Employee Retirement System (PERS) established and administered by the Town to provide pension benefits for its employees. The PERS is considered to be a part of the Town's financial reporting entity and is included in the Town's financial reports as a Pension Trust Fund. The Plan does not issue a separate stand-alone financial report.

Management of the Plan rests with the Pension Committee, which consists of four members. The four members are the First Selectman, Board of Education Chairman, Town Manager and an individual appointed by the Board of Selectmen. The Pension Committee delegates the power to administer the Plan to the Town Manager.

### **Plan Description and Benefits Provided**

The Town provides retirement benefits through a single-employer, contributory, defined benefit plan. All employees of the Town hired prior to age 25 may elect to participate on their date of hire. Bargaining unit employees hired on or after October 1, 2000 may elect to participate after one year of continuous service. Under the plan, for regular certified officers of the police department, the retirement benefit is calculated at 2.5% of the average of the annual salaries, including overtime of the 5 calendar years with the highest average multiplied by up to 20 years of service plus 1.5% of the average of the annual salaries, including overtime, of the 5 calendar years with the highest average multiplied by in excess of 20 years maximum 10 years of service. For nonunion members other than regular certified officers of the police department, the retirement benefit is calculated at 2% of the average of the annual salaries of the last five years immediately prior to retirement multiplied by years of service. Effective June 1, 2000, for bargaining unit members the retirement benefit is calculated at 2% of the average of the annual salaries of any five years period producing the highest average prior to retirement multiplied by years of service. Participants are 100% vested after five years of service. If an employee leaves

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covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by Town ordinance and may be amended. The major features of the plan are as follows:

**Normal Retirement Age**

Age 62 with 35 years of continuous service (effective July 1, 1994, age 62 and 25 years for a certified police officer), rule of 80 (age plus years of service) or age 65 regardless of service.

**Credited Service**

All service from date of participation in the plan until Normal Retirement Date, including all full months of Continuous Service.

**Early Retirement**

May be elected with the consent of the Board of Selectmen or Education upon completion of at least 15 years of Continuous Service and age 55.

**Late Retirement**

With consent of Boards of Selectmen/Education. Benefit accrues until actual Retirement Date.

**Disability Retirement**

Available on total and permanent disability after 15 years of continuous service and age 50. Benefit is the same as for early retirement.

**Death**

Before retirement, refund of Participant's contributions plus interest. After retirement, refund of excess, if any, of Participant's accumulated contributions as of his or her retirement date over total of benefits paid.

At July 1, 2016, PERS membership consisted of:

Retirees and beneficiaries currently receiving benefits	50
Terminated employees entitled to benefits but not yet receiving them	12
Active employees	<u>55</u>
Total	<u><u>117</u></u>

At July 1, 2016, there was 16 years remaining in the amortization period.

**Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Method Used to Value Investments**

Investments are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchange of investments are recognized on the transaction date. There are no investments in any organization, other than U.S. Government notes and bonds that represent 5% or more of net position available for benefits.

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**Funding Status and Progress**

Certified police officers are required to contribute 6.0% of their salary, including overtime, educational incentive pay and longevity pay to the PERS. All other members contribute 5.0% of their gross salary, including overtime and any other form of additional compensation. The Town is required to contribute the remaining amounts necessary to finance coverage. Benefits and employee contributions may be amended by the Board of Selectmen through ordinance. Administrative costs are financed by the plan.

**Investments**

**Investment Policy**

The pension plan's policy in regard to the allocation of invested assets is carried out by the Plan Administrator through advice from an investment advisor. The Plan Administrator meets with the investment advisor on a regular basis in order to review an investment strategy to reduce risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Fixed Income	26 %
U.S. Equities	49
Developed Foreign Equities	<u>25</u>
Total	<u><u>100 %</u></u>

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability**

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

Total pension liability	\$ 19,880,728
Plan fiduciary net position	<u>16,685,262</u>
Net Pension Liability	<u><u>\$ 3,195,466</u></u>
Plan fiduciary net position as a percentage of the total pension liability	83.93%



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**Actuarial Assumptions**

The total pension liability, measured at June 30, 2017, was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.5%
Investment rate of return	7.25%
Actuarial cost method	Entry Age Normal

Mortality rates were based on the RP-2000 Mortality Tables for Employees and Healthy Annuitants, Male and Female, with generational projection of future mortality improvements per Scale AA.

The plan has not had a formal actuarial experience study performed.

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

<b><u>Asset Class</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
Core Fixed Income	2.52 %
U.S. Equities	3.81
Developed Foreign Equities	4.20

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. 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 Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. 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.

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**Changes in Net Pension Liability**

	<b>Employees' Pension Plan</b>		
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances as of June 30, 2016	\$ 18,869,539	\$ 14,888,369	\$ 3,981,170
Adjustment to the FYE 2016 Balance			
Changes for the year:			
Service cost	405,744		405,744
Interest on total pension liability	1,383,802		1,383,802
Effect of economic/demographic gains or losses	27,407		27,407
Effect of assumptions changes or inputs	236,519		236,519
Benefit payments	(1,042,283)	(1,042,283)	-
Employer contributions		487,591	(487,591)
Member contributions		161,662	(161,662)
Net investment income		2,189,923	(2,189,923)
Net changes	1,011,189	1,796,893	(785,704)
Balances as of June 30, 2017	\$ 19,880,728	\$ 16,685,262	\$ 3,195,466

**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 7.25%, 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 (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
Total Net Pension Liability	\$ 5,081,893	\$ 3,195,466	\$ 1,242,072

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

For the year ended June 30, 2017, the Town recognized pension expense of \$880,392. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 80,530	\$ 47,934
Assumption changes or inputs	279,888	
Net difference between projected and actual earning on pension plan investments	335,508	
Total	\$ 695,926	\$ 47,934

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

<u>Year Ending June 30,</u>	
2018	\$ 336,010
2019	336,008
2020	148,013
2021	(172,039)

## **B. 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](http://www.ct.gov).

### **Benefit Provisions**

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

#### **Normal Retirement**

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

#### **Early Retirement**

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

#### **Disability Retirement**

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

### **Contributions**

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

#### *Employer (School Districts)*

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

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

Town's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>50,149,997</u>
Total	\$ <u>50,149,997</u>

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

For the year ended June 30, 2017, the Town recognized pension expense and revenue of \$5,469,037 in Exhibit II for on-behalf amounts for the benefits provided by the State.

**Actuarial Assumptions**

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

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

Mortality rates were based on the RPH-20 14 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale, and further adjusted to grade in increases (5% for females and 8% for males) to rates over age 80 for the period after service retirement and for dependent beneficiaries as well as for active members. The RPH-2014 Disabled Mortality Table projected to 2017 with Scale BB is used for the period after disability retirement.

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

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

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

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

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

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

#### **Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that 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](http://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.

## **13. OTHER POST EMPLOYMENT BENEFITS - RETIREE HEALTH CARE PLAN**

### **A. Plan Description**

The Town and Board of Education provide postretirement health care benefits, in accordance with various labor and personnel contracts, to employees meeting specific service and age requirements. The postretirement health care benefits program is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Post-Employment Benefits Trust Fund. The postretirement health care plan is a single-employer defined benefit plan administered by the Town. The Town does not issue stand-alone financial statements for this program.

Management of the program for Other Post Employment Benefits rests with the Employee Health Benefits Fund Advisory Committee, which consists of five members. The five members are the First Selectman, Board of Education Chairman, Town Manager, Supt. of Schools, and a town resident appointed by the Board of Selectmen. The Employee Health Benefits Fund Advisory Committee delegates the power to administer the program to the Town Manager.

At July 1, 2015, plan membership consisted of the following:

Active plan members	298
Retired members	<u>45</u>
Total Participants	<u><u>343</u></u>

### **B. Funding Policy**

The Town's funding and payment of post-employment benefits for the year ended June 30, 2017 are accounted for in the Other Post Employment Benefits Trust Fund. The contribution requirements of plan members and the Town are also negotiated with the various unions representing the employees.

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**C. Investments**

**Investment Policy**

The Other Post Employment Benefits program policy in regard to the allocation of invested assets is carried out by the Town Manager through advice from an investment advisor. The Town Manager meets with the investment advisor in order to review an investment strategy to reduce risk through the prudent diversification of the portfolio across a selection of distinct asset classes. The program refrains from dramatically shifting asset class allocations over short time spans. The following was the administrator's asset allocation as of June 30, 2017

<u><b>Asset Class</b></u>	<u><b>Target Allocation</b></u>
U.S. Core Fixed Income	50%
U.S. Large Caps	50%

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 10.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested

**D. Net OPEB Liability of the Town**

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

Total OPEB liability	\$	7,140,849
Plan fiduciary net position		<u>1,735,204</u>
Net OPEB Liability	\$	<u><u>5,405,645</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		24.30%

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

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2015, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	Graded salary scale for BOE; 3.5% for others
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Healthcare cost trend rates	5.60% - 4.70% over 65 years

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Mortality rates for Teachers and Administrators were based on RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback.

Mortality rates for all others were based on RP-2000 Healthy Mortality Table for males and females, and separate tables for active employees and annuitants with generational projection per Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on industry standard published tables and data, the particular characteristics of the plan, relevant information from the plan sponsor or other sources about future expectations, and the actuary's professional judgment regarding future plan experience. A full actuarial experience study has not been completed.

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Core Fixed Income	50 %	2.52 %
U.S. Large Caps	50	3.61
Total	100 %	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Town contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate:

	<b>1% Decrease (6.0%)</b>	<b>Current Discount Rate (7.0%)</b>	<b>1% Increase (8.0%)</b>
Net OPEB Liability	\$ 6,108,540	\$ 5,405,645	\$ 4,795,726



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

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.60% decreasing to 3.70%) or 1 percentage point higher (6.60% decreasing to 5.70%) than the current healthcare cost trend rates:

		<b>1% Decrease (4.60% Decreasing to 3.70%)</b>	<b>Healthcare Cost Trend Rates (5.60% Decreasing to 4.70%)</b>	<b>1% Increase (6.60% Decreasing to 5.70%)</b>
Net OPEB Liability	\$	4,562,555	\$ 5,405,645	\$ 6,408,359

**E. Annual OPEB Cost and Net OPEB Obligations**

The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation:

	<b>Retiree Healthcare Plan</b>
Annual required contribution (ARC)	\$ 568,962
Interest on net OPEB obligation	34,772
Adjustment to annual required contribution	<u>(33,506)</u>
Annual OPEB cost	570,228
Contributions made	<u>707,589</u>
Change in net OPEB obligation	(137,361)
Net OPEB obligation at beginning of year	<u>496,744</u>
Net OPEB Obligation at End of Year	<u><u>\$ 359,383</u></u>

**TOWN OF GRANBY, CONNECTICUT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) (b)</b>	<b>Funded (Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll (a-b)/c)</b>
07/01/11	\$ 597,000	\$ 5,180,000	\$ (4,583,000)	11.5%	\$ N/A	N/A
07/01/13	1,040,223	5,715,086	(4,674,863)	18.2%	19,763,521	-23.7%
07/01/15	1,385,541	6,288,232	(4,902,691)	22.0%	20,391,068	-24.0%

**14. COMBINING TRUST FUNDS**

**A. Combining Balance Sheet**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Assets:			
Cash and cash equivalents	\$ 117,424	\$	\$ 117,424
Investments - mutual funds	16,565,053	1,735,204	18,300,257
Accounts receivable	2,785		2,785
Total assets	<u>16,685,262</u>	<u>1,735,204</u>	<u>18,420,466</u>
Net Position:			
Restricted for Pension Benefits and Other Post Employment Benefits	\$ <u>16,685,262</u>	\$ <u>1,735,204</u>	\$ <u>18,420,466</u>

**TOWN OF GRANBY, CONNECTICUT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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**B. Combining Statement of Revenues, Expenditures and Changes in Net Position**

	<b>Pension Trust Fund</b>	<b>OPEB Trust Fund</b>	<b>Total</b>
Additions:			
Contributions			
Employer	\$ 487,591	\$ 707,589	\$ 1,195,180
Employee	161,662		161,662
Total	<u>649,253</u>	<u>707,589</u>	<u>1,356,842</u>
Investment income:			
Net appreciation			
in fair value of investments	1,926,018	136,681	2,062,699
Interest and dividends	306,231		306,231
Total investment gain	<u>2,232,249</u>	<u>136,681</u>	<u>2,368,930</u>
Less investment expenses:			
Investment management fees	42,326		42,326
Net investment income	<u>2,189,923</u>	<u>136,681</u>	<u>2,326,604</u>
Total additions	<u>2,839,176</u>	<u>844,270</u>	<u>3,683,446</u>
Deductions:			
Benefits	<u>1,042,283</u>	<u>474,546</u>	<u>1,516,829</u>
Net Change	1,796,893	369,724	2,166,617
Net Position at Beginning of Year	<u>14,888,369</u>	<u>1,365,480</u>	<u>16,253,849</u>
Net Position at End of Year	<u>\$ 16,685,262</u>	<u>\$ 1,735,204</u>	<u>\$ 18,420,466</u>

**Required Supplementary  
Information**

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Property taxes:				
Current year taxes	\$ 34,127,531	\$ 34,127,531	\$ 35,071,547	\$ 944,016
Prior year's taxes	230,000	230,000	361,451	131,451
Supplemental motor vehicle	238,000	238,000	410,850	172,850
Total	34,595,531	34,595,531	35,843,848	1,248,317
Interest and lien fees	130,000	130,000	224,064	94,064
Total property taxes	34,725,531	34,725,531	36,067,912	1,342,381
Intergovernmental revenues:				
School transportation	37,411	37,411		(37,411)
Reimbursement of local tax disability exemption	1,000	1,000	1,412	412
Elderly tax relief	65,000	65,000	75,068	10,068
Education Equalization Grant	5,561,223	5,561,223	5,526,041	(35,182)
Excess Grant - Special Education	136,265	136,265	283,320	147,055
State owned property	50	50	50	-
Veterans Exempt Grant	3,000	3,000	3,707	707
Telephone Grant	18,000	18,000	20,928	2,928
E911 PSAP Grant	45,000	45,000	46,707	1,707
Tuition other towns	774,922	774,922	716,877	(58,045)
Pequot Indian Fund	24,034	24,034	23,972	(62)
Municipal Revenue Sharing - Sales Tax	352,440	352,440	244,839	(107,601)
Municipal Revenue Sharing - Motor Vehicle	345,234	345,234		(345,234)
Other	40,000	40,000	69,653	29,653
Total intergovernmental revenues	7,403,579	7,403,579	7,012,574	(391,005)
Investment income	35,000	35,000	77,803	42,803
Local revenues:				
Town Clerk fees	200,000	200,000	231,994	31,994
Planning and Zoning	5,000	5,000	9,029	4,029
Zoning Board of Appeals	1,000	1,000	485	(515)
Building permits and licenses	120,000	120,000	175,914	55,914
Inland wetlands	2,000	2,000	2,205	205
Sale of maps and ordinances	100	100	235	135
Driveway permits	300	300	210	(90)
Total local revenues	328,400	328,400	420,072	91,672

(Continued on next page)

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Other revenues:				
Snow plowing and grading	\$ 4,000	\$ 4,000	\$ 7,133	\$ 3,133
Photocopying	1,500	1,500	694	(806)
Rents	14,950	14,950	12,019	(2,931)
Contracted building inspection	10,100	10,100	10,100	-
Police dispatch services	28,600	28,600	28,601	1
Police photos and records	8,000	8,000	12,606	4,606
Library operations	23,206	23,206	16,392	(6,814)
Miscellaneous	30,000	30,000	138,530	108,530
Returned checks fee	350	350	40	(310)
Bulky waste	55,000	55,000	58,521	3,521
Pay for participation	43,465	43,465	27,845	(15,620)
Open farm day	2,500	2,500	2,200	(300)
Holcomb Farm & haying	10,000	10,000	10,700	700
Prior year unliquidated encumbrances			70,438	70,438
Total other revenues	<u>231,671</u>	<u>231,671</u>	<u>395,819</u>	<u>164,148</u>
Other financing sources:				
Transfers from other funds:				
Solid Waste Fund	50,000	50,000	50,000	-
Capital Projects Fund			178	178
Cossitt Library	10	10	21	11
Total other financing sources	<u>50,010</u>	<u>50,010</u>	<u>50,199</u>	<u>189</u>
Total	<u>\$ 42,774,191</u>	<u>\$ 42,774,191</u>	44,024,379	<u>\$ 1,250,188</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			5,469,037	
Cancellation of prior year encumbrances is recognized as budgetary revenue			(70,438)	
Revaluation Fund Revenues not budgeted			343	
Total Revenues and Other Financing Sources as Reported on the Statement of				
Revenues, Expenditures and Changes in Fund Balances - Governmental Funds -				
Exhibit IV			<u>\$ 49,503,321</u>	

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
General government:				
General administration	\$ 389,935	\$ 397,955	\$ 395,700	\$ 2,255
Legal fees	24,000	54,000	51,081	2,919
Fringe benefits	2,027,858	2,027,858	1,993,160	34,698
Town Clerk operations	150,834	151,882	151,750	132
Probate	3,200	3,200	2,925	275
Contingency	134,500	67,183	61,989	5,194
Election services	41,018	41,018	36,818	4,200
Boards and commissions	68,128	68,128	65,754	2,374
Revenue collections	119,937	121,485	120,628	857
Property assessments	190,955	193,922	192,917	1,005
Fiscal management	324,549	330,214	328,908	1,306
Insurance	327,610	317,610	314,446	3,164
Economic development				-
Total general government	<u>3,802,524</u>	<u>3,774,455</u>	<u>3,716,076</u>	<u>58,379</u>
Public safety:				
Building inspection	148,917	151,408	149,780	1,628
Fire prevention	301,975	301,975	295,019	6,956
Emergency management	800	800	30	770
Health services	127,966	127,966	127,965	1
Police department administration	328,551	334,174	329,326	4,848
Police operations and services	1,686,391	1,659,847	1,656,872	2,975
Total public safety	<u>2,594,600</u>	<u>2,576,170</u>	<u>2,558,992</u>	<u>17,178</u>
Public works and environment:				
Public Works administration	176,189	177,968	177,717	251
General maintenance	1,309,408	1,323,682	1,311,989	11,693
Solid waste and recycling	862,490	862,490	841,540	20,950
Planning and engineering services	35,000	35,000	32,496	2,504
Building maintenance and Town grounds	640,410	655,774	647,865	7,909
Total public works and environment	<u>3,023,497</u>	<u>3,054,914</u>	<u>3,011,607</u>	<u>43,307</u>
Recreation and social services:				
Library	522,961	528,044	524,969	3,075
Social services	207,194	209,216	193,168	16,048

(Continued on next page)

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

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Recreation and social services (cont.):				
Recreation administration	\$ 92,892	\$ 99,558	\$ 98,575	\$ 983
Community support	3,100	3,100	2,500	600
Total recreation and social services	<u>826,147</u>	<u>839,918</u>	<u>819,212</u>	<u>20,706</u>
Debt service	<u>3,652,991</u>	<u>3,652,991</u>	<u>3,644,006</u>	<u>8,985</u>
Education	<u>28,432,636</u>	<u>28,432,636</u>	<u>28,105,308</u>	<u>327,328</u>
Total budgeted expenditures	<u>42,332,395</u>	<u>42,331,084</u>	<u>41,855,201</u>	<u>475,883</u>
Other financing uses:				
Transfers out:				
Capital equipment	1,150,000	1,150,000	1,150,000	-
Transfer to CNR Fund	178,000	218,000	218,000	-
Senior activity	28,641	58,593	58,593	-
Emergency management	6,000	6,000	6,000	-
Dog fund	8,000	8,000	8,000	-
Youth service fund	71,155	71,155	71,155	-
Total other financing uses	<u>1,441,796</u>	<u>1,511,748</u>	<u>1,511,748</u>	<u>-</u>
Total Budgeted Operations	<u>\$ 43,774,191</u>	<u>\$ 43,842,832</u>	<u>43,366,949</u>	<u>\$ 475,883</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			5,469,037	
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			(219,960)	
Encumbrances for purchases and commitments ordered in the previous year, that were received and liquidated in the current year, are reported for financial statement reporting purposes			591,573	
Revaluation Fund expenditures not budgeted			36,820	
Town payroll accrual not budgeted			<u>129,065</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>\$ 49,373,484</u>	



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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability:				
Service cost	\$ 405,744	\$ 434,343	\$ 404,587	\$ 330,806
Interest	1,383,802	1,331,406	1,278,028	1,213,513
Differences between expected and actual experience	27,407	(76,130)	124,206	128,096
Changes of assumptions	236,519	147,140		
Benefit payments, including refunds of member contributions	<u>(1,042,283)</u>	<u>(1,011,654)</u>	<u>(862,760)</u>	<u>(827,874)</u>
Net change in total pension liability	1,011,189	825,105	944,061	844,541
Total pension liability - beginning	<u>18,869,539</u>	<u>18,044,434</u>	<u>17,100,373</u>	<u>16,255,832</u>
Total pension liability - ending	<u>19,880,728</u>	<u>18,869,539</u>	<u>18,044,434</u>	<u>17,100,373</u>
Plan fiduciary net position:				
Contributions - employer	487,591	470,130	456,702	448,025
Contributions - member	161,662	173,639	167,897	156,889
Net investment income (loss)	2,189,923	(296,148)	246,040	2,506,894
Benefit payments, including refunds of member contributions	<u>(1,042,283)</u>	<u>(1,011,654)</u>	<u>(862,760)</u>	<u>(827,874)</u>
Administrative expense				<u>(1,966)</u>
Net change in plan fiduciary net position	1,796,893	(664,033)	7,879	2,281,968
Plan fiduciary net position - beginning	<u>14,888,369</u>	<u>15,552,402</u>	<u>15,544,523</u>	<u>13,262,555</u>
Plan fiduciary net position - ending	<u>16,685,262</u>	<u>14,888,369</u>	<u>15,552,402</u>	<u>15,544,523</u>
Net Pension Liability - Ending	<u>\$ 3,195,466</u>	<u>\$ 3,981,170</u>	<u>\$ 2,492,032</u>	<u>\$ 1,555,850</u>
Plan fiduciary net position as a percentage of the total pension liability	83.93%	78.90%	86.19%	90.90%
Covered-employee payroll	\$ 4,086,754	\$ 3,913,965	\$ 3,311,245	\$ 3,409,422
Net pension liability as a percentage of covered-employee payroll	78.19%	101.72%	75.26%	45.63%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 487,591	\$ 470,130	\$ 456,702	\$ 448,025	\$ 361,909	\$ 359,226	\$ 286,664	\$ 275,958	\$ 291,266	\$ 299,515
Contributions in relation to the actuarial determined contribution	<u>487,591</u>	<u>470,130</u>	<u>456,702</u>	<u>448,025</u>	<u>361,909</u>	<u>359,226</u>	<u>286,664</u>	<u>275,958</u>	<u>291,266</u>	<u>299,515</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	\$ 4,086,754	\$ 3,913,965	\$ 3,311,245	\$ 3,409,422	\$ 3,637,892	\$ 3,402,929	\$ 3,735,252	\$ 3,619,257	\$ 3,680,749	\$ 3,593,267
Contributions as a percentage of covered-employee payroll	11.93%	12.01%	13.79%	13.14%	9.95%	10.56%	7.67%	7.62%	7.91%	8.34%

**Notes to Schedule**

Valuation Date: July 1, 2016  
Measurement Date: June 30, 2017  
Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of salary - closed
Remaining amortization period	16 years
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.50%
Investment rate of return	7.25%
Retirement age	Age related rates
Mortality	RP-2000 Mortality Tables for Employees and Healthy Annuitants, Male and Female, with generational projection of future mortality improvements per Scale AA.

**TOWN OF GRANBY, CONNECTICUT  
SCHEDULE OF INVESTMENT RETURNS  
PENSION TRUST FUND  
LAST FOUR FISCAL YEARS \***

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	14.69%	(1.9%)	1.57%	18.78%

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

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>50,149,997</u>	<u>38,644,363</u>	<u>35,718,969</u>
Total	\$ <u>50,149,997</u>	\$ <u>38,644,363</u>	\$ <u>35,718,969</u>
Town's covered-employee payroll	\$ 996,600	\$ 1,000,967	\$ 983,322
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	During 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.  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	20.4 years
Asset valuation method	4-year smoothed market
Investment rate of return	8.50%, net of investment related expense

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

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**  
**OPEB PLAN**  
**LAST FISCAL YEAR\***  
**(In Thousands)**

	<u><b>2017</b></u>
Total OPEB liability:	
Service cost	\$ 236,276
Interest	482,944
Benefit payments	<u>(474,546)</u>
Net change in total OPEB liability	244,674
Total OPEB liability - beginning	<u>6,896,175</u>
Total OPEB liability - ending	<u><u>7,140,849</u></u>
Plan fiduciary net position:	
Contributions - employer	707,589
Net investment income	136,681
Benefit payments	<u>(474,546)</u>
Net change in plan fiduciary net position	369,724
Plan fiduciary net position - beginning	<u>1,365,480</u>
Plan fiduciary net position - ending	<u><u>1,735,204</u></u>
Net OPEB Liability - Ending	<u><u>\$ 5,405,645</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	24.30%
Covered-employee payroll	\$ 20,391,068
Net OPEB liability as a percentage of covered-employee payroll	26.51%

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

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**OPEB PLAN**  
**LAST NINE FISCAL YEARS\***  
**(In Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution (1)	\$ 568,962	\$ 551,457	\$ 526,242	\$ 524,000	\$ 500,000	\$ 686,000	\$ 651,000	\$ 688,000	\$ 973,000
Contributions in relation to the actuarially determined contribution	<u>707,589</u>	<u>412,830</u>	<u>661,242</u>	<u>389,000</u>	<u>780,000</u>	<u>406,000</u>	<u>893,000</u>	<u>604,000</u>	<u>497,000</u>
Contribution Deficiency (Excess)	\$ <u>(138,627)</u>	\$ <u>138,627</u>	\$ <u>(135,000)</u>	\$ <u>135,000</u>	\$ <u>(280,000)</u>	\$ <u>280,000</u>	\$ <u>(242,000)</u>	\$ <u>84,000</u>	\$ <u>476,000</u>
Covered-employee payroll	\$ 20,391,068	\$ 19,763,521	\$ 19,763,521	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A
Contributions as a percentage of covered-employee payroll	3.47%	2.09%	3.35%	N/A	N/A	N/A	N/A	N/A	N/A

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

Notes to Schedule

Valuation date:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Amortization period	22 years
Asset valuation method	Market Value
Inflation	2.75%
Healthcare cost trend rates	5.60% - 4.70% over 65 years
Salary increases	Graded salary scale for BOE; 3.5% for others
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	Varies based on age, eligibility for pension benefits, and gender
Mortality	Teachers and Administrators: RP-2000 Combined Healthy Mortality Table for males and females projected forward 19 years using Scale AA, with a two-year age setback. All Others: RP-2000 Healthy Mortality Table for males and females, and separate tables for active employees and annuitants with generational projection per Scale AA.

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

**TOWN OF GRANBY, CONNECTICUT**  
**SCHEDULE OF INVESTMENT RETURNS**  
**OPEB PLAN**  
**LAST FISCAL YEAR\***

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**2017**

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

10.01%

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

## **Combining and Individual Fund Statements and Schedules**



**General Fund**

## **GENERAL FUND**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund budget is legally adopted at the Annual Town Meeting. The General Fund utilizes the modified accrual basis of accounting.

There are also funds that do not meet the definition of a special revenue fund in accordance with GASB No. 54, which are combined with the General Fund.

**Revaluation Fund** - To accumulate resources for future mandated assessment valuations.

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

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,233,361	\$ 6,490,078
Investments	6,102,254	6,071,984
Property taxes receivable, net of allowance for uncollectibles of \$48,480 in 2015 and 2014	480,036	541,115
Interest receivable	114,733	151,904
Other receivables	486,388	1,025,894
Due from other funds	<u>608,388</u>	<u>88,840</u>
Total Assets	\$ <u>13,025,160</u>	\$ <u>14,369,815</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 927,759	\$ 675,243
Due to other funds	<u>6,730,393</u>	<u>8,332,656</u>
Total liabilities	<u>7,658,152</u>	<u>9,007,899</u>
Deferred Inflows of Resources:		
Unavailable revenues - property taxes	521,558	627,401
Advance tax collections	<u>33,679</u>	<u>52,581</u>
Total deferred inflows of resources	<u>555,237</u>	<u>679,982</u>
Fund equity:		
Fund balance:		
Committed	51,064	7,541
Assigned for:		
Subsequent year's budget	1,050,000	1,000,000
Encumbrances	219,960	662,011
Unassigned	<u>3,490,747</u>	<u>3,012,382</u>
Total fund balance	<u>4,811,771</u>	<u>4,681,934</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ <u>13,025,160</u>	\$ <u>14,369,815</u>

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

	<u>General</u>	<u>Revaluation Fund</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,233,361	\$	\$	\$ 5,233,361
Investments	6,102,254			6,102,254
Property taxes receivable, net of allowance for uncollectibles of \$48,480 in 2017 and 2016	480,036			480,036
Interest receivable	114,733			114,733
Other receivables	486,388			486,388
Due from other funds	<u>608,388</u>	<u>51,064</u>	<u>(51,064)</u>	<u>608,388</u>
Total Assets	<u>\$ 13,025,160</u>	<u>\$ 51,064</u>	<u>\$ (51,064)</u>	<u>\$ 13,025,160</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 927,759	\$	\$	\$ 927,759
Due to other funds	<u>6,781,457</u>		<u>(51,064)</u>	<u>6,730,393</u>
Total liabilities	<u>7,709,216</u>	<u>-</u>	<u>(51,064)</u>	<u>7,658,152</u>
Deferred Inflows of Resources:				
Unavailable revenues - property taxes	521,558			521,558
Advance tax collections	<u>33,679</u>			<u>33,679</u>
Total deferred inflows of resources	<u>555,237</u>	<u>-</u>	<u>-</u>	<u>555,237</u>
Fund Equity:				
Fund balance:				
Committed		51,064		51,064
Assigned for:				
Subsequent year's budget	1,050,000			1,050,000
Encumbrances	219,960			219,960
Unassigned	<u>3,490,747</u>			<u>3,490,747</u>
Total fund balance	<u>4,760,707</u>	<u>51,064</u>	<u>-</u>	<u>4,811,771</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 13,025,160</u>	<u>\$ 51,064</u>	<u>\$ (51,064)</u>	<u>\$ 13,025,160</u>

**TOWN OF GRANBY, CONNECTICUT****GENERAL FUND****COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Revaluation Fund</u>	<u>Total</u>
Revenues:			
Property taxes	\$ 36,067,912	\$	\$ 36,067,912
Intergovernmental	12,481,611		12,481,611
Licenses, fees and charges for services	420,072		420,072
Investment income	77,803	343	78,146
Other revenues	325,381		325,381
Total revenues	<u>49,372,779</u>	<u>343</u>	<u>49,373,122</u>
Expenditures:			
Current:			
General government	3,712,508	36,820	3,749,328
Public safety	2,587,087		2,587,087
Public works and environmental	3,106,240		3,106,240
Recreation and social services	832,031		832,031
Education	33,926,677		33,926,677
Debt service	3,644,006		3,644,006
Total expenditures	<u>47,808,549</u>	<u>36,820</u>	<u>47,845,369</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,564,230</u>	<u>(36,477)</u>	<u>1,527,753</u>
Other Financing Sources (Uses):			
Transfers in	50,199	80,000	130,199
Transfers out	(1,528,115)		(1,528,115)
Total other financing sources (uses)	<u>(1,477,916)</u>	<u>80,000</u>	<u>(1,397,916)</u>
Net Change in Fund Balances	86,314	43,523	129,837
Fund Balances at Beginning of Year	<u>4,674,393</u>	<u>7,541</u>	<u>4,681,934</u>
Fund Balances at End of Year	<u>\$ 4,760,707</u>	<u>\$ 51,064</u>	<u>\$ 4,811,771</u>

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

Grand List	Current Levy	Uncollected Taxes	Lawful Corrections		Transfers To Suspense	Adjusted Taxes	Collections	Refunds	Uncollected Taxes
		July 1, 2016	Additions	Deductions		Collectible			June 30, 2017
2015	\$ 35,878,035	\$	\$ 78,470	\$ 151,658	\$	\$ 35,804,847	\$ 35,496,115	\$ 20,712	\$ 329,444
2014		322,354	1,258	5,399	4,755	313,458	206,596	3,396	110,258
2013		125,954		451	4,703	120,800	71,875	545	49,470
2012		71,745		78	8,169	63,498	42,643	78	20,933
2011		39,499		68	5,113	34,318	22,224	237	12,331
2010		15,018		68	1,185	13,765	7,753	68	6,080
2009		5,875			1,157	4,718	4,718		-
2008		3,683			638	3,045	3,045		-
2007		3,436			291	3,145	3,145		-
2006		2,031				2,031	2,031		-
Total	\$ 35,878,035	\$ 589,595	\$ 79,728	\$ 157,722	\$ 26,011	\$ 36,363,625	35,860,145	\$ 25,036	\$ 528,516
Interest, liens, fees and suspension collections							200,174		
Total collections							36,060,319		
Property taxes receivable considered available:									
June 30, 2016							(65,618)		
June 30, 2017							73,211		
Total Property Tax Revenue							\$ 36,067,912		

**Nonmajor  
Governmental Funds**

## **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted to expenditures for specified purposes. The Special Revenue Funds utilize the modified accrual basis of accounting.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Dog	License fees and State grants	Animal population control
Town Aid Road	State and Federal grant	Construction and maintenance of roads
Senior Activity	User fees grants and donations	Fund various senior activities
LOCIP	State grant	Capital Improvement Fund
Solid Waste Sanitation	Licenses, fees and investment income	Operation of Town's solid waste disposal program
Sidewalk and Beautification Improvement	Donations and investment income	Improve sidewalks and other Town property
Local Assistance	Donations	Provide support for low income individuals
Open Space	Sale of land and investment income	Preserve undeveloped land
Police Community Education	Donations	Public safety education
Public Schools	Various funding sources	Various educational support programs
Police Forfeited Property	Assets seized by police in drug enforcement activities	Police enforcement
Youth Services Grant	State grant	Youth and community activities
Cafeteria	Federal, State and local	School lunch programs
Ambulance Association	Fees	Administer salaries and benefits for ambulance employees
Federal and State Educational Grants	State and Federal grants	Education programs
Sewer Utility	User fees	Operation of sewer system
Communications	Fees from cell phone companies	Maintenance of cell towers
Police Grants	State and Federal grants	Various police support programs
Education Quality and Diversity	State and Federal grants	Educational support programs
Board of Education Severance	Contributions	Account for severance payments to retired board employees
Contractor Payment	Licenses, fees and charges	Account for police and engineering contract fees
Granby Public Library	State grants and contributions	Support of Town library
Parks and Recreation	Licenses, fees and charges	Administration of recreational services
Dog Park	Donations	Construct and maintain Town dog parks
Historic Documents	State grant	Preservation of Town's records
Energy Fund	Block grant	Administration of energy services and initiatives
Agricultural	Various funding sources	Promote local agriculture activity
Emergency Management	Local, State and Federal grants	Manage and coordinate large scale emergency operations

Debt Service Fund is used to account for the accumulation of resources for debt payments.

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

<b>Fund</b>	<b>Funding Source</b>	<b>Function</b>
Universal Cemetery	Investment income	Maintain Town's cemeteries
Cossitt Library	Investment income	Maintain Cossitt Library



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

	Special Revenue Funds								
	Dog	Town Aid Road	Senior Activity	LOCIP	Solid Waste Sanitation	Sidewalk and Beautification Improvement	Local Assistance	Open Space	Police Community Education
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due from other governments									
Due from other funds	8,288	220,317	134,280		283,523	98,578	25,049	43,706	22,874
Receivables									
Total Assets	\$ 8,288	\$ 220,317	\$ 134,280	\$ -	\$ 283,523	\$ 98,578	\$ 25,049	\$ 43,706	\$ 22,874
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$ 5,151	\$	\$ 2,431	\$	\$	\$	\$	\$	\$
Due to other funds									
Unearned revenue									
Total liabilities	5,151	-	2,431	-	-	-	-	-	-
Fund Balances:									
Nonspendable									
Restricted		220,317							
Committed	3,137		131,849		283,523	98,578	25,049	43,706	22,874
Unassigned									
Total fund balances	3,137	220,317	131,849	-	283,523	98,578	25,049	43,706	22,874
Total Liabilities and Fund Balances	\$ 8,288	\$ 220,317	\$ 134,280	\$ -	\$ 283,523	\$ 98,578	\$ 25,049	\$ 43,706	\$ 22,874

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

	Special Revenue Funds							
	Public Schools	Police Forfeited Property	Youth Services Grant	Cafeteria	Ambulance Association	Federal and State Educational Grants	Sewer Utility	Communications
ASSETS								
Cash and cash equivalents	\$ 294,424	\$	\$	\$ 121,892	\$	\$ 546,311	\$	\$
Due from other governments				22,154		17,343		
Due from other funds		140	225,588	13,518			816,785	172,630
Receivables	9,298			14,940				
Total Assets	\$ 303,722	\$ 140	\$ 225,588	\$ 172,504	\$ -	\$ 563,654	\$ 816,785	\$ 172,630
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued liabilities	\$ 255,807	\$	\$ 1,042	\$ 123,375	\$	\$	\$	\$
Due to other funds					39,762	561,527		
Unearned revenue				15,079				
Total liabilities	255,807	-	1,042	138,454	39,762	561,527	-	-
Fund Balances:								
Nonspendable								
Restricted			224,546			2,127		
Committed	47,915	140		34,050			816,785	172,630
Unassigned					(39,762)			
Total fund balances	47,915	140	224,546	34,050	(39,762)	2,127	816,785	172,630
Total Liabilities and Fund Balances	\$ 303,722	\$ 140	\$ 225,588	\$ 172,504	\$ -	\$ 563,654	\$ 816,785	\$ 172,630

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

	<b>Special Revenue Funds</b>								
	<b>Police Grants</b>	<b>Education Quality and Diversity</b>	<b>Board of Education Severance</b>	<b>Contractor Payment</b>	<b>Granby Public Library</b>	<b>Parks and Recreation</b>	<b>Dog Park</b>	<b>Historic Documents</b>	<b>Energy Fund</b>
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$
Due from other governments									
Due from other funds	6,952	963,202	140,740	105,615	7,811	470,709	14,783	26,924	
Receivables									
Total Assets	<u>\$ 6,952</u>	<u>\$ 963,202</u>	<u>\$ 140,740</u>	<u>\$ 105,615</u>	<u>\$ 7,811</u>	<u>\$ 470,709</u>	<u>\$ 14,783</u>	<u>\$ 26,924</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable and accrued liabilities	\$	\$ 6,493	\$	\$ 8,904	\$	\$ 22,056	\$	\$	\$
Due to other funds									
Unearned revenue									
Total liabilities	<u>-</u>	<u>6,493</u>	<u>-</u>	<u>8,904</u>	<u>-</u>	<u>22,056</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Nonspendable									
Restricted	6,952	956,709			7,811			26,924	
Committed			140,740	96,711		448,653	14,783		
Unassigned									
Total fund balances	<u>6,952</u>	<u>956,709</u>	<u>140,740</u>	<u>96,711</u>	<u>7,811</u>	<u>448,653</u>	<u>14,783</u>	<u>26,924</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 6,952</u>	<u>\$ 963,202</u>	<u>\$ 140,740</u>	<u>\$ 105,615</u>	<u>\$ 7,811</u>	<u>\$ 470,709</u>	<u>\$ 14,783</u>	<u>\$ 26,924</u>	<u>\$ -</u>

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

	Special Revenue Funds				Permanent Funds				
	Agricultural	Emergency Management	Total	Debt Service	Universal Cemetery	Cossitt Library	Total	Interfund Eliminations	Total Nonmajor Governmental Funds
ASSETS									
Cash and cash equivalents	\$	\$	962,627	\$	\$	\$	-	\$	962,627
Due from other governments			39,497				-		39,497
Due from other funds			3,802,012	176,148	13,191	4,223	17,414		3,995,574
Receivables		5,661	29,899				-		29,899
Total Assets	\$ -	\$ 5,661	\$ 4,834,035	\$ 176,148	\$ 13,191	\$ 4,223	\$ 17,414	\$ -	\$ 5,027,597
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued liabilities	\$	468	\$ 425,727	\$	\$	\$	-		\$ 425,727
Due to other funds		7,099	608,388				-		608,388
Unearned revenue			15,079				-		15,079
Total liabilities	-	7,567	1,049,194	-	-	-	-	-	1,049,194
Fund Balances:									
Nonspendable			-		13,191	4,223	17,414		17,414
Restricted			1,445,386	176,148			-		1,621,534
Committed			2,381,123				-		2,381,123
Unassigned		(1,906)	(41,668)				-		(41,668)
Total fund balances	-	(1,906)	3,784,841	176,148	13,191	4,223	17,414	-	3,978,403
Total Liabilities and Fund Balances	\$ -	\$ 5,661	\$ 4,834,035	\$ 176,148	\$ 13,191	\$ 4,223	\$ 17,414	\$ -	\$ 5,027,597

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

	Special Revenue Funds								
						Sidewalk and Beautification Improvement	Local Assistance	Open Space	Police Community Education
	Dog	Town Aid Road	Senior Activity	LOCIP	Solid Waste Sanitation				
Revenues:									
Intergovernmental	\$	\$ 259,525	\$	\$ 80,000	\$	\$	\$	\$	\$
Investment income					1,635	494		173	
Contributions			12,474				23,235		
Licenses, fees and charges for goods and services	6,938		62,237		13,330				
Other								10,960	
Total revenues	6,938	259,525	74,711	80,000	14,965	494	23,235	11,133	-
Expenditures:									
Current:									
General government									
Public safety	14,432								
Public works and environment					5,866				
Recreation and social services			123,911				19,231		
Education									
Total expenditures	14,432	-	123,911	-	5,866	-	19,231	-	-
Excess (deficiency) of revenues over expenditures	(7,494)	259,525	(49,200)	80,000	9,099	494	4,004	11,133	-
Other financing sources (uses):									
Capital lease issuance									
Transfers in	8,000		58,593						
Transfers out		(235,000)		(80,000)	(50,000)				
Total other financing sources (uses)	8,000	(235,000)	58,593	(80,000)	(50,000)	-	-	-	-
Net change in fund balance	506	24,525	9,393	-	(40,901)	494	4,004	11,133	-
Fund Balance at Beginning of Year	2,631	195,792	122,456	-	324,424	98,084	21,045	32,573	22,874
Fund Balance at End of Year	\$ 3,137	\$ 220,317	\$ 131,849	\$ -	\$ 283,523	\$ 98,578	\$ 25,049	\$ 43,706	\$ 22,874

(Continued on next page)

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

	Special Revenue Funds							
	Public Schools	Police Forfeited Property	Youth Services Grant	Cafeteria	Ambulance Association	Federal and State Educational Grants	Sewer Utility	Communications
Revenues:								
Intergovernmental	\$	\$	\$ 22,031	\$ 169,898	\$	\$ 530,596	\$	\$
Investment income		22						932
Contributions			45,770					
Licenses, fees and charges for goods and services	56,307		4,251	421,610	615,000		235,161	52,870
Other				1,557		50,170	2,063	
Total revenues	56,307	22	72,052	593,065	615,000	580,766	237,224	53,802
Expenditures:								
Current:								
General government								
Public safety		6,001			663,128			
Public works and environment							120,650	
Recreation and social services			114,526					
Education	98,744			583,729		530,596		
Total expenditures	98,744	6,001	114,526	583,729	663,128	530,596	120,650	-
Excess (deficiency) of revenues over expenditures	(42,437)	(5,979)	(42,474)	9,336	(48,128)	50,170	116,574	53,802
Other financing sources (uses):								
Capital lease issuance								
Transfers in	62,268		71,155	13,518				
Transfers out						(96,071)		(40,000)
Total other financing sources (uses)	62,268	-	71,155	13,518	-	(96,071)	-	(40,000)
Net change in fund balance	19,831	(5,979)	28,681	22,854	(48,128)	(45,901)	116,574	13,802
Fund Balance at Beginning of Year	28,084	6,119	195,865	11,196	8,366	48,028	700,211	158,828
Fund Balance at End of Year	\$ 47,915	\$ 140	\$ 224,546	\$ 34,050	\$ (39,762)	\$ 2,127	\$ 816,785	\$ 172,630

(Continued on next page)

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

	Special Revenue Funds								
	Police Grants	Education Quality and Diversity	Board of Education Severance	Contractor Payment	Granby Public Library	Parks and Recreation	Dog Park	Historic Documents	Energy Fund
Revenues:									
Intergovernmental	\$ -	\$ 668,162	\$	\$	\$	\$	\$	\$ 4,000	\$ -
Investment income									
Contributions					3,567		5,945		
Licenses, fees and charges for goods and services		22,500		69,787		630,617			
Other								1,333	
Total revenues	-	690,662	-	69,787	3,567	630,617	5,945	5,333	-
Expenditures:									
Current:									
General government								4,000	
Public safety									
Public works and environment				87,305					
Recreation and social services					2,568	536,534	3,402		
Education		1,009,867							
Total expenditures	-	1,009,867	-	87,305	2,568	536,534	3,402	4,000	-
Excess (deficiency) of revenues over expenditures	-	(319,205)	-	(17,518)	999	94,083	2,543	1,333	-
Other financing sources (uses):									
Capital lease issuance		211,000							
Transfers in									
Transfers out									
Total other financing sources (uses)	-	211,000	-	-	-	-	-	-	-
Net change in fund balance	-	(108,205)	-	(17,518)	999	94,083	2,543	1,333	-
Fund Balance at Beginning of Year	6,952	1,064,914	140,740	114,229	6,812	354,570	\$ 12,240	25,591	-
Fund Balance at End of Year	\$ 6,952	\$ 956,709	\$ 140,740	\$ 96,711	\$ 7,811	\$ 448,653	\$ 14,783	\$ 26,924	\$ -

(Continued on next page)

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

	Special Revenue Funds				Permanent Funds				Total Nonmajor Governmental Funds
	Agricultural	Emergency Management	Total	Debt Service	Universal Cemetery	Cossitt Library	Total	Interfund Eliminations	
Revenues:									
Intergovernmental	\$	\$ 5,661	\$ 1,739,873	\$	\$	\$	\$ -	\$	\$ 1,739,873
Investment income			3,256	1,026	67	21	88		4,370
Contributions			90,991				-		90,991
Licenses, fees and charges for goods and services			2,190,608				-		2,190,608
Other		-	66,083	39,104			-		105,187
Total revenues	-	5,661	4,090,811	40,130	67	21	88	-	4,131,029
Expenditures:									
Current:									
General government			4,000				-		4,000
Public safety		15,389	698,950				-		698,950
Public works and environment			213,821	100,274			-		314,095
Recreation and social services			800,172				-		800,172
Education			2,222,936				-		2,222,936
Total expenditures	-	15,389	3,939,879	100,274	-	-	-	-	4,040,153
Excess (deficiency) of revenues over expenditures	-	(9,728)	150,932	(60,144)	67	21	88	-	90,876
Other financing sources (uses):									
Capital lease issuance			211,000						211,000
Transfers in		6,000	219,534				-	(96,071)	123,463
Transfers out	(178)		(501,249)			(21)	(21)	96,071	(405,199)
Total other financing sources (uses)	(178)	6,000	(70,715)	-	-	(21)	(21)	-	(70,736)
Net change in fund balance	(178)	(3,728)	80,217	(60,144)	67	-	67		20,140
Fund Balance at Beginning of Year	178	1,822	3,704,624	236,292	13,124	4,223	17,347	-	3,958,263
Fund Balance at End of Year	\$ -	\$ (1,906)	\$ 3,784,841	\$ 176,148	\$ 13,191	\$ 4,223	\$ 17,414	\$ -	\$ 3,978,403



## **Fiduciary Funds**

## **AGENCY FUNDS**

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

Student Activity Funds - to account for the collection and payment of expenses for education extra - curricular activities at the high school, middle schools and grammar schools.

Contractor Security Fund - to account for all bonds collected from contractors - these bonds will be returned to payee upon successful completion of related construction projects.

Flexible Spending Fund - to account for the employees' tax savings plan for health and welfare costs.

## TOWN OF GRANBY, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
<b>High School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>176,470</u>	\$ <u>317,379</u>	\$ <u>263,304</u>	\$ <u>230,545</u>
Liabilities:				
Due to student groups and others	\$ <u>176,470</u>	\$ <u>317,379</u>	\$ <u>263,304</u>	\$ <u>230,545</u>
<b>Middle School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>58,479</u>	\$ <u>293,739</u>	\$ <u>294,387</u>	\$ <u>57,831</u>
Liabilities:				
Due to student groups and others	\$ <u>58,479</u>	\$ <u>293,739</u>	\$ <u>294,387</u>	\$ <u>57,831</u>
<b>Kelly Lane School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>9,995</u>	\$ <u>-</u>	\$ <u>9,995</u>	\$ <u>-</u>
Liabilities:				
Due to student groups and others	\$ <u>9,995</u>	\$ <u>-</u>	\$ <u>9,995</u>	\$ <u>-</u>
<b>Kearns School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ <u>11,600</u>	\$ <u>24,134</u>	\$ <u>24,885</u>	\$ <u>10,849</u>
Liabilities:				
Due to student groups and others	\$ <u>11,600</u>	\$ <u>24,134</u>	\$ <u>24,885</u>	\$ <u>10,849</u>

(Continued on next page)

## TOWN OF GRANBY, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
<b>Wells Road School Activity Fund</b>				
Assets:				
Cash and cash equivalents	\$ 30,673	\$ 51,124	\$ 51,727	\$ 30,070
Liabilities:				
Due to student groups and others	\$ 30,673	\$ 51,124	\$ 51,727	\$ 30,070
<b>Contract Security</b>				
Assets:				
Accounts receivable	\$ 101,921	\$ 12,500	\$ 38,291	\$ 76,130
Liabilities:				
Due to contractors	\$ 101,921	\$ 12,500	\$ 38,291	\$ 76,130
<b>Flexible Spending</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 85,212	\$ 58,901	\$ 26,311
Liabilities:				
Due to employees	\$ -	\$ 85,212	\$ 58,901	\$ 26,311
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 287,217	\$ 771,588	\$ 703,199	\$ 355,606
Accounts receivable	101,921	12,500	38,291	76,130
Total	\$ 389,138	\$ 784,088	\$ 741,490	\$ 431,736
Liabilities:				
Due to student groups and others	\$ 287,217	\$ 686,376	\$ 644,298	\$ 329,295
Due to contractors	101,921	12,500	38,291	76,130
Due to employees	-	85,212	58,901	26,311
Total	\$ 389,138	\$ 784,088	\$ 741,490	\$ 431,736

## **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

TABLE 1

**TOWN OF GRANBY, CONNECTICUT**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014*	2013	2012	2011	2010	2009	2008
Governmental Activities:										
Net investment in capital assets	\$ 49,033	\$ 48,091	\$ 47,125	\$ 46,045	\$ 44,113	\$ 46,714	\$ 47,290	\$ 46,214	\$ 45,963	\$ 43,701
Restricted	194	254	312	383	446	517	580	791	1,145	1,325
Unrestricted	<u>7,492</u>	<u>9,500</u>	<u>11,021</u>	<u>11,723</u>	<u>13,808</u>	<u>9,103</u>	<u>9,159</u>	<u>9,320</u>	<u>10,519</u>	<u>11,176</u>
Total Governmental Activities Net Position	<u>\$ 56,719</u>	<u>\$ 57,845</u>	<u>\$ 58,458</u>	<u>\$ 58,151</u>	<u>\$ 58,367</u>	<u>\$ 56,334</u>	<u>\$ 57,029</u>	<u>\$ 56,325</u>	<u>\$ 57,627</u>	<u>\$ 56,202</u>

## NOTES:

(1) Schedule prepared on the accrual basis of accounting

\* Amounts were restated to reflect implementation of GASB Statement No. 68

TABLE 2

**TOWN OF GRANBY, CONNECTICUT**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses:										
General government	\$ 5,119	\$ 4,330	\$ 3,728	\$ 3,210	\$ 3,264	\$ 3,410	\$ 2,999	\$ 2,995	\$ 3,180	\$ 3,394
Public safety	3,500	3,294	3,161	2,977	2,867	4,479	2,591	2,461	2,626	2,498
Public works and environment	4,676	4,327	3,956	4,264	4,156	4,190	4,392	4,386	4,578	3,994
Recreation and social services	1,776	1,623	1,494	1,428	1,354	1,347	1,325	1,280	1,307	1,368
Education	39,795	37,830	36,600	35,624	34,363	35,371	32,901	34,408	31,206	37,638
Interest on long-term debt	814	941	1,046	1,141	1,093	1,157	1,274	1,405	1,543	1,662
Total governmental activities expenses	<u>55,680</u>	<u>52,345</u>	<u>49,985</u>	<u>48,644</u>	<u>47,097</u>	<u>49,954</u>	<u>45,482</u>	<u>46,935</u>	<u>44,440</u>	<u>50,554</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	696	712	606	689	500	525	543	553	533	493
Education	813	1,378	1,287	1,332	1,518	2,669	2,194	2,257	2,304	2,252
Other	1,911	1,879	1,620	1,543	1,286	1,217	1,221	1,079	1,009	1,241
Operating grants and contributions	14,431	11,870	11,732	12,225	12,228	12,712	10,374	10,306	9,160	15,983
Capital grants and contributions		328	417		313	5	3	146	420	74
Total governmental activities program revenues	<u>17,851</u>	<u>16,167</u>	<u>15,662</u>	<u>15,789</u>	<u>15,845</u>	<u>17,128</u>	<u>14,335</u>	<u>14,341</u>	<u>13,426</u>	<u>20,043</u>
Net (expense) revenue:										
Governmental activities	<u>(37,829)</u>	<u>(36,178)</u>	<u>(34,323)</u>	<u>(32,855)</u>	<u>(31,252)</u>	<u>(32,826)</u>	<u>(31,147)</u>	<u>(32,594)</u>	<u>(31,014)</u>	<u>(30,511)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	35,962	34,988	34,124	33,215	32,699	31,780	31,186	30,634	30,643	30,208
Grants and contributions not restricted to specific purposes	486	417	256	805	452	244	310	360	872	437
Unrestricted investment earnings	98	90	76	45	42	51	130	230	522	804
Other general revenues	157	70	174	38	93	57	225	67	403	157
Total governmental activities	<u>36,703</u>	<u>35,565</u>	<u>34,630</u>	<u>34,103</u>	<u>33,286</u>	<u>32,132</u>	<u>31,851</u>	<u>31,291</u>	<u>32,440</u>	<u>31,606</u>
Changes in net position:										
Governmental Activities	<u>\$ (1,126)</u>	<u>\$ (613)</u>	<u>\$ 307</u>	<u>\$ 1,248</u>	<u>\$ 2,034</u>	<u>\$ (694)</u>	<u>\$ 704</u>	<u>\$ (1,303)</u>	<u>\$ 1,426</u>	<u>\$ 1,095</u>

## Notes:

(1) Schedule prepared on the accrual basis of accounting



TABLE 3

**TOWN OF GRANBY, CONNECTICUT**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 347	\$ 368	\$ 314
Unreserved								4,089	5,319	5,380
Committed	51	8	8	16	16	11	5			
Assigned	1,270	1,662	1,676	1,715	1,819	1,785	2,082			
Unassigned	3,491	3,012	2,586	2,871	2,227	1,742	2,372			
Total General Fund	<u>\$ 4,812</u>	<u>\$ 4,682</u>	<u>\$ 4,270</u>	<u>\$ 4,602</u>	<u>\$ 4,062</u>	<u>\$ 3,538</u>	<u>\$ 4,459</u>	<u>\$ 4,436</u>	<u>\$ 5,687</u>	<u>\$ 5,694</u>
All other governmental funds:										
Reserved	\$	\$	\$	\$	\$	\$	\$	\$ 1,143	\$ 1,148	\$ 1,340
Unreserved, reported in:										
Special revenue funds								2,791	3,000	3,129
Capital projects funds								970	1,430	1,366
Nonspendable	17	19	19	19	19	19	19			
Restricted	1,656	1,805	1,732	1,808	1,496	1,567	1,288			
Committed	3,459	3,921	4,320	4,752	6,452	2,596	2,848			
Unassigned	(42)			(91)	(12)	(294)	(2)			
Total All Other Governmental Funds	<u>\$ 5,090</u>	<u>\$ 5,745</u>	<u>\$ 6,071</u>	<u>\$ 6,488</u>	<u>\$ 7,955</u>	<u>\$ 3,888</u>	<u>\$ 4,153</u>	<u>\$ 4,904</u>	<u>\$ 5,578</u>	<u>\$ 5,835</u>

## Notes:

1. Schedule prepared on the modified accrual basis of accounting
2. Fund balance presentation was changed in Fiscal Year 2011 when GASB Statement No. 54 was implemented

TABLE 4

**TOWN OF GRANBY, CONNECTICUT**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property taxes	\$ 36,068	\$ 34,955	\$ 34,052	\$ 33,236	\$ 32,684	\$ 31,684	\$ 31,121	\$ 30,667	\$ 30,603	\$ 30,076
Intergovernmental	14,817	12,375	12,206	12,948	12,594	13,743	11,714	11,937	11,458	17,400
Licenses, fees and charges for services	2,611	3,164	3,104	3,011	2,914	3,087	2,684	2,702	2,754	2,895
Investments income	88	78	66	38	36	43	117	212	488	732
Other	580	499	754	673	586	815	656	539	913	696
Total revenues	<u>54,164</u>	<u>51,071</u>	<u>50,182</u>	<u>49,906</u>	<u>48,814</u>	<u>49,372</u>	<u>46,292</u>	<u>46,057</u>	<u>46,216</u>	<u>51,799</u>
Expenditures:										
General government	4,381	3,606	3,573	3,403	3,397	3,400	3,008	3,040	2,969	2,936
Public safety	3,286	3,131	2,989	2,871	2,660	4,424	2,510	2,397	2,588	2,401
Public works and environment	3,420	3,169	3,235	3,164	3,056	3,011	3,236	3,447	3,649	3,037
Recreation and social services	1,632	1,554	1,415	1,352	1,296	1,310	1,255	1,211	1,262	1,302
Education	36,150	33,997	33,736	33,390	32,309	33,019	31,753	32,309	30,127	36,458
Capital outlay	3,152	2,578	3,401	3,868	8,385	2,540	1,788	1,940	2,116	2,094
Debt service:										
Principal	2,815	2,810	2,335	2,335	2,325	2,358	2,828	2,968	2,713	2,083
Interest	829	946	1,042	1,122	970	1,072	1,199	1,335	1,467	1,761
Total expenditures	<u>55,665</u>	<u>51,791</u>	<u>51,726</u>	<u>51,505</u>	<u>54,398</u>	<u>51,134</u>	<u>47,577</u>	<u>48,647</u>	<u>46,891</u>	<u>52,072</u>
Excess of Revenue Over (Under) Expenditures	<u>(1,501)</u>	<u>(720)</u>	<u>(1,544)</u>	<u>(1,599)</u>	<u>(5,584)</u>	<u>(1,762)</u>	<u>(1,285)</u>	<u>(2,590)</u>	<u>(675)</u>	<u>(273)</u>
Other Financing Sources (Uses):										
Transfers in	2,013	3,473	2,457	1,925	1,895	1,807	2,206	1,414	1,696	1,475
Transfers out	(2,013)	(3,473)	(2,457)	(1,925)	(1,895)	(1,807)	(2,206)	(1,414)	(1,696)	(1,475)
Premium on bond					671					
Proceeds from capital leases	976	807	795	673	804	577	557	664	411	654
Proceeds from sale of bonds					8,700					
Total other financing sources (uses)	<u>976</u>	<u>807</u>	<u>795</u>	<u>673</u>	<u>10,175</u>	<u>577</u>	<u>557</u>	<u>664</u>	<u>411</u>	<u>654</u>
Net Change in Fund Balances	<u>\$ (525)</u>	<u>\$ 87</u>	<u>\$ (749)</u>	<u>\$ (926)</u>	<u>\$ 4,591</u>	<u>\$ (1,185)</u>	<u>\$ (728)</u>	<u>\$ (1,926)</u>	<u>\$ (264)</u>	<u>\$ 381</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>6.71%</u>	<u>7.42%</u>	<u>6.74%</u>	<u>7.06%</u>	<u>6.91%</u>	<u>6.90%</u>	<u>8.70%</u>	<u>8.98%</u>	<u>9.24%</u>	<u>7.52%</u>

NOTE: Schedule prepared on the modified accrual basis of accounting

TABLE 5

**TOWN OF GRANBY, CONNECTICUT  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Fiscal Year	Real Property			Personal Property	Motor Vehicle	Total Taxable Assessed Value	Total Direct Tax Rate	Taxable Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Taxable Value
	Residential	Commercial	Industrial						
2017	\$ 808,469,860	\$ 46,132,140	\$ 5,610,780	\$ 22,447,050	\$ 88,711,390	\$ 971,371,220	36.94	\$ 1,387,673,170	70
2016	804,827,730	46,197,090	5,517,260	21,117,660	88,087,910	965,747,650	36.22	1,379,639,500	70
2015	800,597,960	46,174,200	5,517,260	19,993,660	87,870,220	960,153,300	35.52	1,371,647,571	70
2014	797,228,500	46,311,350	5,517,260	19,489,890	85,595,310	954,142,310	34.83	1,363,060,443	70
2013	904,887,630	51,293,580	6,204,730	18,547,720	86,066,740	1,067,000,400	30.69	1,524,286,286	70
2012	901,273,420	50,860,910	6,204,730	17,415,490	81,355,570	1,057,110,120	30.10	1,510,157,314	70
2011	898,043,590	50,849,210	6,204,730	17,484,120	76,809,940	1,049,391,590	29.79	1,499,130,843	70
2010	893,744,090	50,839,760	6,204,730	17,304,720	74,359,520	1,042,452,820	29.46	1,489,218,314	70
2009	892,786,680	50,296,370	6,050,380	17,366,340	79,545,660	1,046,045,430	29.35	1,494,350,614	70
2008	698,583,640	37,285,550	5,581,730	16,625,490	78,991,050	837,067,460	35.97	1,195,810,657	70

Source: Town of Granby Office of Tax Assessor

TABLE 6

**TOWN OF GRANBY  
PROPERTY TAX RATES  
LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended June 30,</b>	<b>Town Direct Rates</b>			
	<b>General Town Government Rate</b>	<b>Board of Education Rate</b>	<b>Debt Service Rate</b>	<b>Total Direct Rate</b>
2017	9.86	23.98	3.1	36.94
2016	9.42	23.69	3.11	36.22
2015	9.24	23.45	2.83	35.52
2014 (a)	8.91	23.02	2.90	34.83
2013	7.79	20.41	2.49	30.69
2012	7.48	20.06	2.56	30.10
2011	7.2	19.62	2.97	29.79
2010	6.94	19.39	3.13	29.46
2009 (a)	7.06	19.22	3.07	29.35
2008	8.68	23.66	3.63	35.97

(a) - Revaluation year

Source: Town of Granby Finance Department

TABLE 7

**TOWN OF GRANBY, CONNECTICUT  
PRINCIPAL PROPERTY TAX PAYERS  
FISCAL YEARS 2017 AND 2008**

Grand List Year 10/1/2015				Grand List Year 10/1/2006			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
Connecticut Light & Power	\$ 10,195,910	1	1.05	Connecticut Light & Power	\$ 5,779,610	1	0.72
Granby Developers	4,337,340	2	0.44	Granby Developers	4,690,000	2	0.59
Baygrape Associates	3,637,270	3	0.37	Arrow Concrete Products	4,467,130	3	0.56
Arrow Concrete Products	3,624,230	4	0.37	Baygrape Associates	3,377,700	4	0.42
Granby Holdings, LLC	3,288,040	5	0.34	Granby Holdings, LLC	3,213,420	5	0.40
Halmar, Inc.	2,845,850	6	0.29	Riverbend Associates, Inc	2,745,430	6	0.34
Granby Center Associates	1,895,950	7	0.20	Halmar Inc	2,727,060	7	0.34
Riverbend Associates, Inc	1,774,160	8	0.18	Guarco, Michael B. & David A.	2,329,560	8	0.29
Reesg Properties, LLC	1,531,740	9	0.16	Pierce Enterprises, LLC	2,096,590	9	0.26
Stop & Shop Supermarkets Co	1,328,080	10	0.14	Granby Center Associates	1,749,720	10	0.22
Total	\$ 34,458,570		3.54		\$ 33,176,220		4.14

Source: Town of Granby, Office of Tax Assessor

TABLE 8

**TOWN OF GRANBY, CONNECTICUT  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30,	Tax Rate In Mills	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of Levy		Collections In Subsequent Years	Total Collections to Date		
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2017	36.94	\$ 35,878,035	\$ 35,796,114	98.94%	N/A	\$ 35,796,114	98.94	%
2016	36.22	35,293,299	34,570,307	97.95	N/A	34,570,307	97.95	
2015	35.52	34,396,661	33,651,746	97.84	N/A	33,651,746	97.84	
2014	34.83	33,586,134	32,796,233	97.65	N/A	32,796,233	97.65	
2013	30.69	33,046,915	32,262,602	97.63	N/A	32,262,602	97.63	
2012	30.1	32,068,276	31,303,545	97.62	N/A	31,303,545	97.62	
2011	29.79	31,248,771	30,768,115	98.50	N/A	30,768,115	98.50	
2010	29.46	30,889,640	30,242,388	97.90	N/A	30,242,388	97.90	
2009	29.35	30,978,015	30,222,246	97.56	N/A	30,222,246	97.56	
2008	35.97	30,371,951	29,759,749	97.98	241,393	30,001,142	98.78	

TABLE 9

**TOWN OF GRANBY, CONNECTICUT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

<b>Fiscal Year</b>	<b>General Bonded Debt Bonds General Obligation Bonds</b>	<b>Accumulated Resources Restricted for Debt Repayment</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net General Bonded Debt to Estimated Actual Taxable Value</b>	<b>Bonded Debt Per Capita (not rounded)</b>	<b>Other Debt Capital Leases</b>	<b>Total Debt</b>	<b>Debt Per Capita (not rounded)</b>	<b>Percentage of Debt to Personal Income</b>
2017	\$ 18,850	\$ 176	\$ 18,674	1.35%	\$ 1,667	\$ 1,937	\$ 20,787	\$ 1,838	3.49%
2016	21,713	237	21,476	1.56%	1,920	1,826	23,539	2,081	3.71%
2015	24,571	294	24,277	1.77%	2,178	1,795	26,366	2,337	4.22%
2014	26,804	366	26,438	1.94%	2,384	1,786	28,590	2,543	4.56%
2013	29,137	429	28,708	1.88%	2,575	1,784	30,921	2,733	5.11%
2012	22,063	499	21,564	1.43%	1,954	1,636	23,699	2,099	3.93%
2011	24,375	563	23,812	1.59%	2,161	1,719	26,094	2,313	4.33%
2010	27,230	774	26,456	1.78%	2,427	1,815	29,045	2,589	5.69%
2009	30,198	1,128	29,070	1.95%	2,692	1,675	31,873	2,841	8.39%
2008	32,910	1,308	31,602	2.64%	2,962	1,696	34,606	3,114	9.20%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

**TOWN OF GRANBY, CONNECTICUT**  
**STATEMENT OF DEBT LIMITATION**  
**JUNE 30, 2017**

Total tax collections (including interest and lien fees) for year ended June 30, 2017					\$ 36,067,912
Reimbursements for revenue loss for the year ended June 30, 2017:					
Tax relief for the elderly					<u>75,068</u>
Base					\$ <u>36,142,980</u>
	<b>General Purpose</b>	<b>Schools</b>	<b>Sewers</b>	<b>Urban Renewal</b>	<b>Pension Deficit</b>
Debt Limitation					
2-1/4 times base	\$ 81,321,705	\$	\$	\$	\$
4-1/2 times base		162,643,410			
3-3/4 times base			135,536,175		
3-1/4 times base				117,464,685	
3 times base					108,428,940
Total debt limitation	<u>81,321,705</u>	<u>162,643,410</u>	<u>135,536,175</u>	<u>117,464,685</u>	<u>108,428,940</u>
Indebtedness:					
Bonds and notes payable	5,485,000	12,640,000			
Bonds authorized and unissued	<u>50,000</u>	<u>1,489,277</u>			
Net indebtedness	<u>5,535,000</u>	<u>14,129,277</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 75,786,705</u>	<u>\$ 148,514,133</u>	<u>\$ 135,536,175</u>	<u>\$ 117,464,685</u>	<u>\$ 108,428,940</u>

Note: In no case shall total indebtedness exceed \$253,000,860 or seven times annual receipts from taxation



TABLE 11

**TOWN OF GRANBY, CONNECTICUT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(In Thousands)**

	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limitation	\$ 253,001	\$ 245,196	\$ 238,835	\$ 233,144	\$ 229,251	\$ 222,205	\$ 218,289	\$ 215,058	\$ 214,997	\$ 210,877
Total net debt applicable to limit	<u>19,664</u>	<u>22,479</u>	<u>25,289</u>	<u>27,624</u>	<u>29,959</u>	<u>32,034</u>	<u>25,892</u>	<u>28,460</u>	<u>31,018</u>	<u>33,305</u>
Legal Debt Margin	<u>\$ 233,337</u>	<u>\$ 222,717</u>	<u>\$ 213,546</u>	<u>\$ 205,520</u>	<u>\$ 199,292</u>	<u>\$ 190,171</u>	<u>\$ 192,397</u>	<u>\$ 186,598</u>	<u>\$ 183,979</u>	<u>\$ 177,572</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	<u>7.77%</u>	<u>9.17%</u>	<u>10.59%</u>	<u>11.85%</u>	<u>13.07%</u>	<u>14.42%</u>	<u>11.86%</u>	<u>13.23%</u>	<u>14.43%</u>	<u>15.79%</u>

Source: Comprehensive annual financial report - Schedule of Debt Limitation

Note: See Table 10 for calculation of current year debt limitation

**TOWN OF GRANBY, CONNECTICUT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS**

<b>Calendar Year</b>	<b>Population(1)</b>	<b>Per Capita Income(5)</b>	<b>Median Age(2)</b>	<b>School Enrollment(3)</b>	<b>Unemployment Rate(4)</b>	<b>Total Personal Income(2)</b>
2017	11,310	\$ 52,984	47.1	1,826	3.70%	\$ 52,648
2016	11,310	56,042	46.7	1,876	3.40%	52,648
2015	11,284	55,309	45.8	1,953	3.50%	52,648
2014	11,243	55,814	44.6	1,959	4.50%	52,648
2013	11,316	53,437	44.6	2,025	6.00%	52,648
2012	11,291	53,437	44.6	2,205	5.80%	52,648
2011	11,282	53,437	44.6	2,152	6.00%	52,648
2010	11,220	45,519	42	2,275	5.90%	52,648
2009	11,219	33,863	42	2,324	5.80%	52,648
2008	11,112	33,863	42	2,202	3.70%	52,648

(1) Source: Connecticut Department of Health and Census

(2) Source: Census - Based upon most recent info from 2010 census

(3) Source: Annual Budget

(4) Source: Connecticut Department Labor

(5) Source: Comparative Guide to American Suburbs 2009-10

U.S. Census - American Fact Finder

U.S. Census data

Board of Education

Connecticut Department of Labor

U.S. Census data

TABLE 13

**TOWN OF GRANBY, CONNECTICUT  
PRINCIPAL EMPLOYERS  
2017 AND 2008**

<u>Employer</u>	<u>Nature of Business</u>	<u>2017</u>			<u>2008</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Town of Granby	Local Municipal Government	440	1	18.3	473	1	19.6
YMCA	Recreation and Social Services	269	2	11.2	302	2	12.5
Meadow Brook Nursing Home	Medical Services	190	3	7.9	182	4	7.5
Imperial Nursery/Monrovia	Nursery Production	120	4	5.0	295	3	12.2
Stop and Shop	Supermarket	118	5	4.9	145	6	6.0
Geissler's Supermarket	Retail Sales	93	6	3.8	105	7	4.3
Arrow Concrete	Industrial	60	7	2.4	37	11	1.5
Salmon Brook Vet Hospital	Veterinary Hospital	54	8	2.2	65	8	2.7
TJ Maxx	Retail	50	9	2.0			
Stateline Oil	Service/fabrication	30	10	1.2	66	9	2.8
High Meadow - Seasonal	Entertainment				149	5	6.2
CVS	Retail				52	10	2.2
Total		<u>1,424</u>		<u>58.9</u>	<u>1,871</u>		<u>77.5</u>

Source: Town of Granby, Community Development Office/Assessor  
Employees are full and part-time. Total town employment is based on full-time.

TABLE 14

**TOWN OF GRANBY, CONNECTICUT**  
**FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

	<b>FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES AS OF JUNE 30,</b>									
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b><u>Function/Program</u></b>										
General government	11	11	11	11	11	11	11	11	11	11
Police	23	23	23	23	22	22	22	22	22	22
Fire	0	0	0	0	0	0	0	0	0	0
Refuse collection	0	0	0	0	0	0	0	0	0	0
Other public works	16	16	16	16	16	16	16	17	17	17
Parks and recreation	2	2	2	2	2	2	2	2	2	2
Library	4	4	4	4	4	4	4	4	4	4
Education	<u>295.2</u>	<u>304.2</u>	<u>298.8</u>	<u>299.6</u>	<u>315.2</u>	<u>317.9</u>	<u>323.3</u>	<u>321.4</u>	<u>319.1</u>	<u>320.8</u>
Total	<u>351.2</u>	<u>360.2</u>	<u>354.8</u>	<u>355.6</u>	<u>370.2</u>	<u>372.9</u>	<u>378.3</u>	<u>377.4</u>	<u>375.1</u>	<u>376.8</u>

TABLE 15

**TOWN OF GRANBY, CONNECTICUT  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government:										
Building permits issued	900	954	993	1,047	889	1025	772	744	751	700
Building inspections conducted	1,310	1,325	1,300	1,275	1,120	994	1,101	1,200	1,690	1,560
Police:										
Physical arrests	129	166	114	206	206	140	118	183	169	163
Parking violations	0	0	15	0	0	0	0	11	6	0
Traffic violations	774	871	1,327	1,241	1,488	1,465	880	2,105	1,868	1,039
Fire:										
Emergency responses	246	224	212	210	211	281	249	215	241	226
Fires extinguished	40	16	10	21	73	25	30	17	35	41
Inspections	133	151	168	130	92	103	99	70	55	56
Refuse collection:										
Refuse collected (tons per day)	11.84	12	12.1	12.2	14.5	14.3	14.7	12.71	13	14.9
Recyclables collected (tons per day)	4.98	5.4	5.44	5.5	4.5	4.1	4	6	3.8	3.2
Other public works:										
Street resurfacing (miles)	3.32	3.74	0	3.5	3.6	1.75	2.15	2.68	3.25	3.3
Potholes repaired	153	138	162	142	150	145	155	150	150	150
Parks and recreation:										
Athletic field permits issued	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Community center admissions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Library:										
Volumes in collection	70,077	74,696	69,405	70,298	71,270	74,340	76,006	75,199	75,125	72,411
Total volumes borrowed	114,999	112,148	142,701	130,409	132,215	146,424	136,344	165,780	170,124	165,171
Water:										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Water main breaks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Average daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peak daily consumption (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater:										
Average daily sewage treatment (thousands of gallons)	139,000	115,000	135,000	120,000	130,000	130,000	160,000	120,000	110,000	188,000
Transit:										
Total route miles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Passengers	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Annual Reports, Budgets, and Department records

TABLE 16

**TOWN OF GRANBY, CONNECTICUT**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	9	9	9	9	9
Fire stations	3	3	3	3	3	3	3	3	3	3
Refuse collection:										
Collection trucks	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other public works:										
Streets (miles)	95.9	95.9	95.70	95.70	95.70	95.70	95.70	95.70	95.70	95.11
Highways (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Streetlights	152	151	151	151	151	151	151	151	151	151
Traffic signals	6	6	6	6	6	6	6	6	6	6
Parks and recreation:										
Acreage	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8	161.8
Playgrounds	2	2	2	2	2	2	2	2	2	2
Baseball/softball diamonds	6	6	6	6	6	6	6	6	6	6
Soccer/football fields	10	10	10	10	10	10	10	10	10	10
Community centers	1	1	1	1	1	1	1	1	1	1
Water:										
Water mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Storage capacity (thousands of gallons)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Wastewater:										
Sanitary sewers (miles)	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	4.77	4.77
Storm sewers (miles)	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4	11.4
Treatment capacity (thousands of gallons)	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Transit - mini-buses	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Annual Reports, Budgets and Department records