

TOWN OF EAST GRANBY, CONNECTICUT

**BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION,
AND INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Finance
Town of East 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 East Granby, Connecticut (the "Town") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town'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.

Auditor's 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 auditor's 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 auditor considers 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 East Granby, Connecticut, as of June 30, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules on the Town's pension and other post-employment benefit plans on pages 47 through 48 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, who 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's basic financial statements. The combining and individual fund financial statements and schedules on pages 49 through 71 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund 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 fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2017, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2017**

As management of the Town of East Granby (the "Town"), 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.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$29,049,455 (net position). Of this amount, \$4,157,481 represents the unrestricted net position of the Town.
- The Town's total net position decreased by \$170,159 during the current fiscal year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,561,728, an increase of \$330,832 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,636,180 or 11.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.
- The Town's total capital assets decreased by \$691,246 or 2.3% during the current fiscal year due to Town approved capital projects.
- The Town's total long-term bonded debt decreased by \$525,000 or 9.1% during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets, deferred outflows/inflows of resources, and liabilities, with net position as the residual of these elements. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The statement of activities presents information showing how the Town'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.

The government-wide financial statements display information about the Town's governmental activities, which include general government, culture and recreation, public safety, public works, sanitation and education. The Town does not have any business-type activities.

The government-wide financial statements include only the Town itself because there are no legally separate organizations for which the Town is financially accountable.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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 the Town's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town'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 maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital and Nonrecurring Fund, and the School Open Choice Fund, all of which are considered to be major funds. Data from the other remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16 through 20 of this report.

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to the Town's own programs. The accounting used for fiduciary funds is much like that used for government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 21 and 22 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 46 of this report.

Other Information

Required supplementary information and combining and individual fund statements and schedules and can be found on pages 47 through 71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

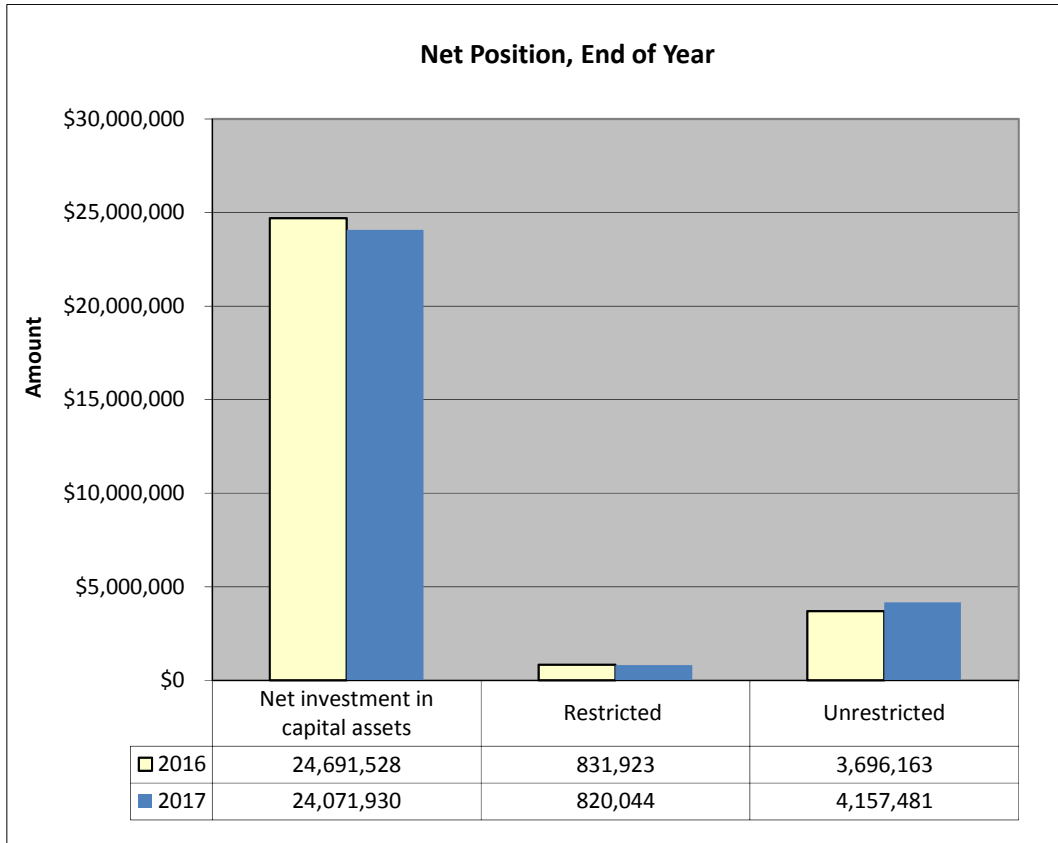
Over time, net position may serve as one measure of a government's financial position. The net position of the Town totaled \$29,049,455 and \$29,219,614 (as restated) as of June 30, 2017 and 2016, respectively, and are summarized as follows:

	2017	2016 (As Restated)	\$ Change	% Change
Current and other assets	\$ 7,975,130	\$ 7,930,102	\$ 45,028	0.6%
Capital assets, net	29,475,536	30,166,782	(691,246)	-2.3%
Total assets	<u>37,450,666</u>	<u>38,096,884</u>	<u>(646,218)</u>	<u>-1.7%</u>
Other liabilities	632,524	1,111,062	(478,538)	-43.1%
Long-term liabilities	7,559,512	7,740,299	(180,787)	-2.3%
Total liabilities	<u>8,192,036</u>	<u>8,851,361</u>	<u>(659,325)</u>	<u>-7.4%</u>
Deferred inflows of resources	<u>209,175</u>	<u>25,909</u>	<u>183,266</u>	<u>707.3%</u>
Net position:				
Net investment in capital assets	24,071,930	24,691,528	(619,598)	-2.5%
Restricted	820,044	831,923	(11,879)	-1.4%
Unrestricted	4,157,481	3,696,163	461,318	12.5%
Total net position	<u>\$ 29,049,455</u>	<u>\$ 29,219,614</u>	<u>\$ (170,159)</u>	<u>-0.6%</u>

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)



Of the Town's net position, 82.9% reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Town 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.

2.8% of the Town's net position is subject to external restrictions on how they may be used and are, therefore, presented as restricted.

The remainder of the Town's net position is considered unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.

Overall, net position decreased by \$170,159 and unrestricted net position increased by \$497,451 from the prior year.

TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

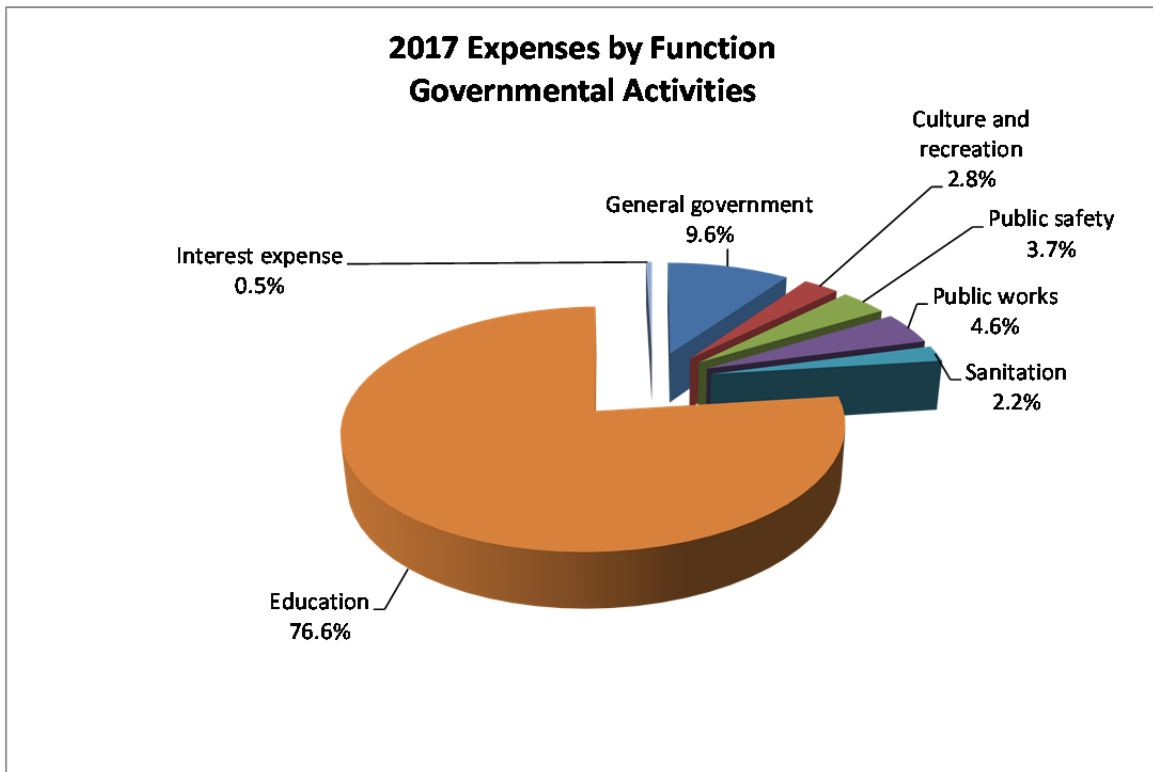
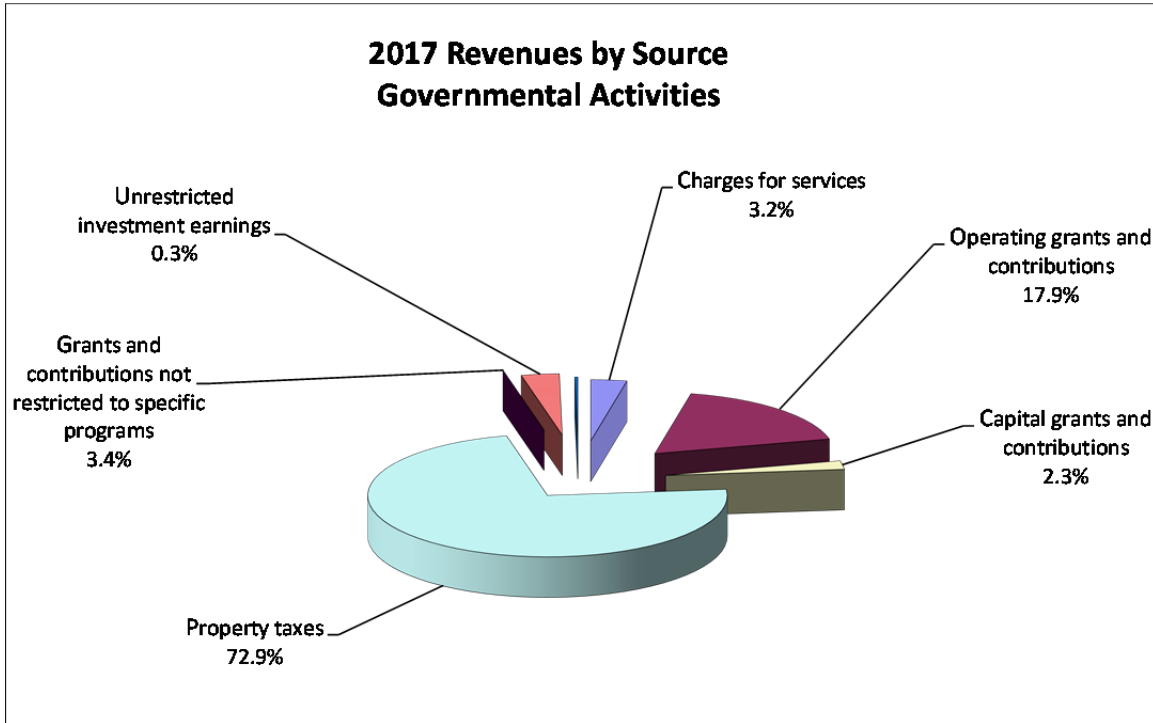
Changes in net position for the years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues:				
Charges for services	\$ 827,533	\$ 906,285	\$ (78,752)	-8.7%
Operating grants and contributions	4,581,809	4,445,512	136,297	3.1%
Capital grants and contributions	573,566	243,349	330,217	135.7%
General revenues:				
Property taxes	18,644,079	17,876,506	767,573	4.3%
Grants and contributions not restricted to specific programs	869,084	1,282,826	(413,742)	-32.3%
Unrestricted investment earnings	68,004	41,519	26,485	63.8%
Total revenues	<u>25,564,075</u>	<u>24,795,997</u>	<u>768,078</u>	<u>3.1%</u>
Program expenses:				
General government	2,478,644	2,632,734	(154,090)	-5.9%
Culture and recreation	732,817	746,663	(13,846)	-1.9%
Public safety	964,190	975,708	(11,518)	-1.2%
Public works	1,168,239	1,076,606	91,633	8.5%
Sanitation	575,871	545,123	30,748	5.6%
Education	19,695,735	18,881,882	813,853	4.3%
Interest expense	118,738	146,325	(27,587)	-18.9%
Total expenses	<u>25,734,234</u>	<u>25,005,041</u>	<u>729,193</u>	<u>-9.3%</u>
Change in net position	<u>\$ (170,159)</u>	<u>\$ (209,044)</u>	<u>\$ 38,885</u>	<u>-18.6%</u>

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position (Continued)



TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Governmental Activities

Governmental activities decreased the Town's net position by \$170,159. Revenues generated by the Town increased by \$768,078 and expenses for the Town increased by \$729,193 in comparison to prior year.

Property tax revenues increased by approximately \$768 thousand, or 4.3%, primarily driven by a 2.3% increase in the Town's mill rate combined with an increase in the Town's overall net taxable grand list. In addition, an increase in capital grants was offset by a reduction in grants not restricted to specific programs.

Education expenses increased by approximately by \$814 thousand, or 4.3%, primarily driven by contractual increases in certified and administrative salaries and related employee benefits.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As noted earlier, the Town 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's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town'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 \$6,561,728, an increase of \$330,832 in comparison with the prior year. \$5,734,401, or 87.4% of this total amount is unrestricted (committed, assigned or unassigned) and is available for spending at the Town's discretion.

General Fund

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,636,180, while total fund balance was \$4,003,789. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 11.5% of total General Fund expenditures. Expressed another way, unassigned fund balance for the General Fund was sufficient to cover 1.4 months of General Fund operating expenditures.

The fund balance of the General Fund increased by \$208,201 during the current fiscal year.

Capital and Nonrecurring Fund

The fund balance of the Capital and Nonrecurring Expenditures Fund increased by \$184,455 during the current fiscal year from \$901,130 to \$1,085,585. This increase was due primarily to transfers in from the General Fund in excess of current year capital outlays.

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS (Continued)

School Open Choice Fund

The fund balance of the School Open Choice Fund decreased by \$81,915 during the current fiscal year from \$829,311 to \$747,396. This decrease was due primarily to the use of a portion of fund balance to fund increased educational costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the fiscal year ended June 30, 2017 included the use of fund balance in the amount of \$393,783 to balance the budget. Additional appropriations from fund balance of \$65,661 were authorized during the fiscal year and consisted of a) an appropriation of \$24,000 for debt service on the LED lighting project and b) an appropriation of \$41,661 transfer to the Floydville Bridge Fund to fund the remaining project deficit.

Revenues exceeded budgetary estimates by \$247,106, or 1.1% due primarily to favorable property tax collections. Expenditures were \$316,891, or 1.5%, less than budgeted, which resulted in an overall favorable budgetary variance of \$651,564.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental activities as of June 30, 2017 totaled \$29,475,536 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and improvements, machinery, equipment and furniture and fixtures, vehicles, and infrastructure. The Town's investment in capital assets decreased \$691,246 or 2.3%.

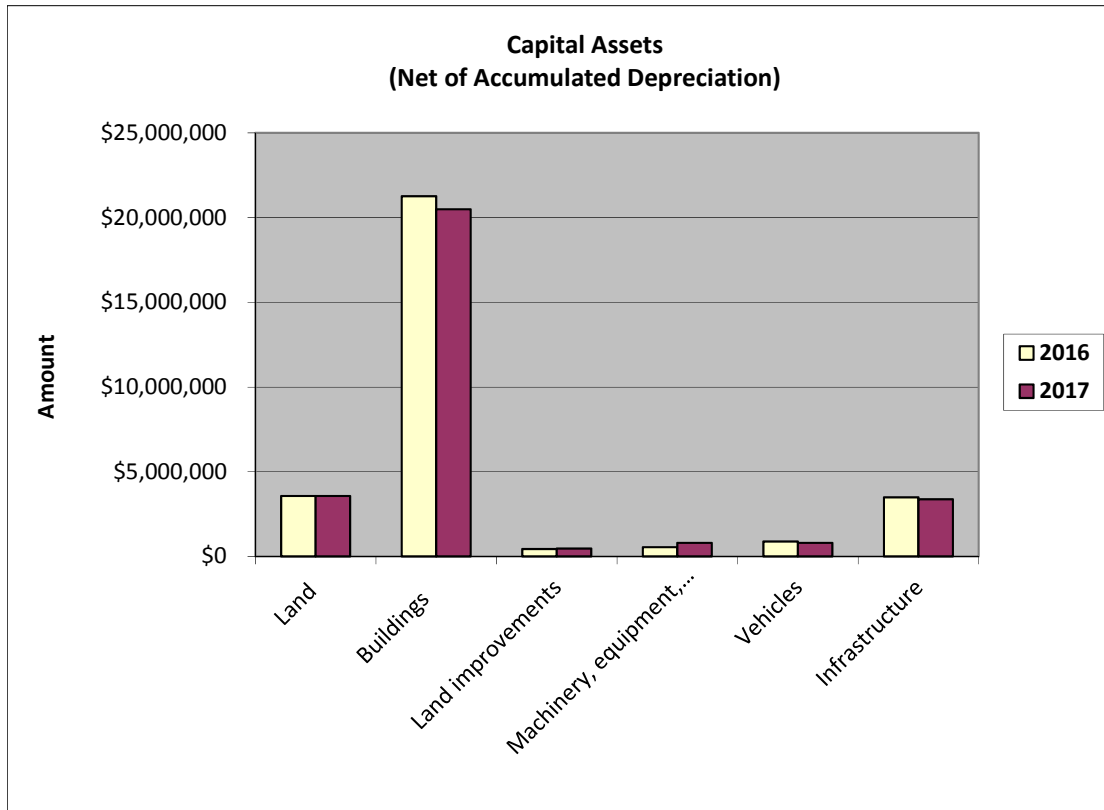
The following table is a two year comparison of the investment in capital assets, net of accumulated depreciation:

	<u>2017</u>	<u>2016</u>
Land	\$ 3,571,922	\$ 3,571,922
Buildings and improvements	20,492,650	21,258,982
Land improvements	458,510	432,588
Machinery, equipment, furniture and fixtures	790,178	540,180
Vehicles	792,571	882,559
Infrastructure	3,369,705	3,480,551
Totals	<u>\$ 29,475,536</u>	<u>\$ 30,166,782</u>

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)



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

- Depreciation expense of \$1,180,868
- Improvements of \$129,415, consisting of energy efficient lighting upgrades
- Security improvements in the amount of \$39,211 made to the Town's schools
- Repairs to and repaving of the Town's middle school parking lot in the amount of \$51,496
- Purchase and installation of heating and cooling chillers at the Town Hall in the amount of \$67,386
- Purchase and installation of new carpeting in the amount of \$47,000 at the Town's middle school
- The purchase of a pick-up truck and street sweeper totaling \$37,174 for the benefit of the Town's public works department

Additional information on the Town's capital assets can be found in Note 3 of this report.

**TOWN OF EAST GRANBY, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)
JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Long-term Debt

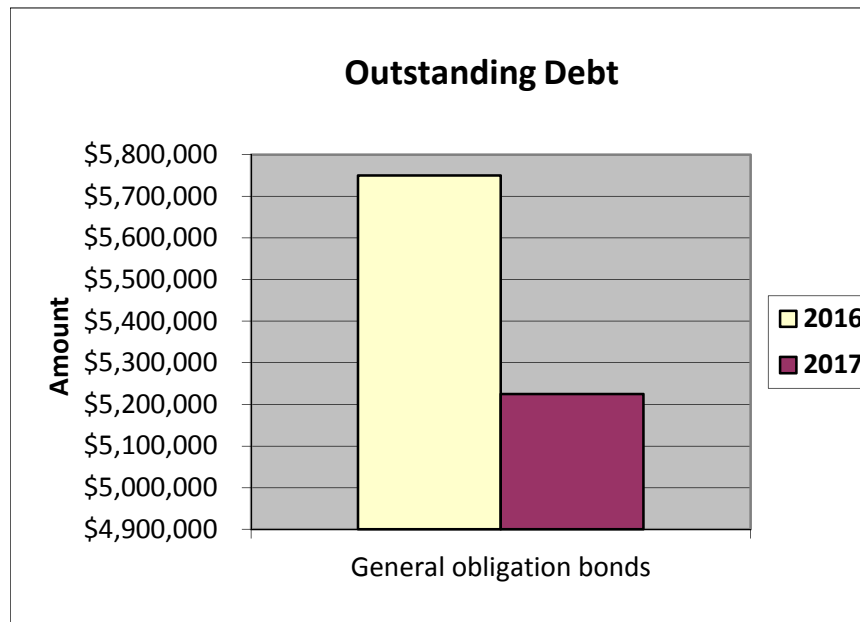
At the end of the current fiscal year, the Town had total bonded debt outstanding of \$5,225,000, all of which is backed by the full faith and credit of the government. The Town's total bonded debt decreased by \$525,000 or 9.1%, during the current fiscal year due to scheduled debt service payments.

The Town maintains an "Aa2" rating from Moody's Investor Service for general obligation debt.

State statutes limit the amount of general obligation debt the Town may issue to seven times its annual receipts from taxation, as defined by the statutes. The current debt limitation for the Town is significantly in excess of the Town's outstanding general obligation debt.

The following is a two year comparison of long-term bonded debt:

	2017	2016
General obligation bonds	\$ 5,225,000	\$ 5,750,000



Additional information on the Town's long-term debt can be found in Note 7 of this report.

TOWN OF EAST GRANBY CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) *(Continued)*
JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A summary of key economic factors affecting the Town are as follows:

- Inflationary trends in the region approximate national indices.
- For purposes of calculating property tax revenues, the assessor's grand list is used along with an estimated tax rate and an estimated rate of collection, with deductions for payment in lieu of taxes to be paid by the State on-behalf of certain taxpayers.
- The Town receives a significant amount of municipal aid from the State of Connecticut. Potential cuts in funding could negatively impact the Town's mill rate and/or the types and quality of services provided to its citizens.

All of these factors were considered in preparing the Town's budget for fiscal year 2018. The Town's fiscal year 2018 General Fund budget was approved on May 3, 2017. The fiscal year 2018 budget contemplates expenditures of \$22,295,888, an increase of \$274,375, or 1.2%, over the original budgeted expenditures for fiscal year 2017. The fiscal year 2018 budget contemplates the use of fund balance in the amount of \$1,039,965 to offset expected reductions in municipal aid from the State of Connecticut and to limit the impact on the Town's mill rate. The mill rate for fiscal year 2018 has been set at 32.4 mills, which is an increase of 1.3 mills or 4.2% over the prior year mill rate.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the First Selectman, 9 Center Street, P.O. Box 1858, East Granby, Connecticut 06026-1858.

BASIC FINANCIAL STATEMENTS

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 7,297,157
Receivables:	
Property taxes and interest, net	451,618
Grants and contracts	5,340
Other	177,599
Prepaid expenses	43,416
Capital assets	
Non-depreciable	3,571,922
Depreciable, net	25,903,614
Total assets	37,450,666
LIABILITIES	
Accounts payable	514,601
Accrued liabilities	99,191
Unearned revenue	18,732
Noncurrent liabilities:	
Due within one year	791,343
Due in more than one year	6,768,169
Total liabilities	8,192,036
DEFERRED INFLOW OF RESOURCES	
Advanced property tax collections	209,175
NET POSITION	
Net investment in capital assets	24,071,930
Restricted for:	
Educational purposes	747,396
Other purposes	72,648
Unrestricted	4,157,481
Total net position	\$ 29,049,455

The accompanying notes are an integral part of these financial statements .

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental activities:					
General government	\$ 2,478,644	\$ 334,485	\$ 32,365	\$ 36,112	\$ (2,075,682)
Culture and recreation	732,817	128,648	24,337	-	(579,832)
Public safety	964,190	28,781	7,102	66,872	(861,435)
Public works	1,168,239	-	208,085	270,806	(689,348)
Sanitation	575,871	299,333	-	-	(276,538)
Education	19,695,735	36,286	4,309,920	199,776	(15,149,753)
Interest expense	118,738	-	-	-	(118,738)
Total governmental activities	<u>\$ 25,734,234</u>	<u>\$ 827,533</u>	<u>\$ 4,581,809</u>	<u>\$ 573,566</u>	<u>(19,751,326)</u>
General revenues:					
					18,644,079
					869,084
					68,004
					<u>19,581,167</u>
					(170,159)
					28,896,650
					322,964
					<u>29,219,614</u>
					<u>\$ 29,049,455</u>

The accompanying notes are an integral part of these financial statements.

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

	<u>General Fund</u>	<u>Capital and Nonrecurring Fund</u>	<u>School Open Choice Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 6,318,279	\$ -	\$ 767,769	\$ 211,109	\$ 7,297,157
Receivables:					
Property taxes and interest, net	451,618	-	-	-	451,618
Grants and contracts	-	-	-	5,340	5,340
Other	45,267	-	-	132,332	177,599
Due from other funds	34,961	1,133,285	-	578,117	1,746,363
Prepaid items	43,416	-	-	-	43,416
Total assets	<u>\$ 6,893,541</u>	<u>\$ 1,133,285</u>	<u>\$ 767,769</u>	<u>\$ 926,898</u>	<u>\$ 9,721,493</u>
LIABILITIES					
Accounts payable	\$ 500,805	\$ 47,700	\$ 257	\$ 36,031	\$ 584,793
Salaries and benefits payable	69,500	-	-	-	69,500
Due to other funds	1,711,402	-	20,116	14,845	1,746,363
Unearned revenue	-	-	-	18,732	18,732
Total liabilities	<u>2,281,707</u>	<u>47,700</u>	<u>20,373</u>	<u>69,608</u>	<u>2,419,388</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	398,870	-	-	132,332	531,202
Advanced tax collections	209,175	-	-	-	209,175
Total deferred inflows of resources	<u>608,045</u>	<u>-</u>	<u>-</u>	<u>132,332</u>	<u>740,377</u>
FUND BALANCES					
Nonspendable	43,416	-	-	-	43,416
Restricted for:					
Educational purposes	-	-	747,396	-	747,396
Other purposes	-	-	-	72,648	72,648
Committed for:					
Capital purposes	-	1,085,585	-	244,449	1,330,034
Educational purposes	-	-	-	104,732	104,732
Other purposes	-	-	-	319,718	319,718
Assigned	1,324,193	-	-	-	1,324,193
Unassigned	2,636,180	-	-	(16,589)	2,619,591
Total fund balances	<u>4,003,789</u>	<u>1,085,585</u>	<u>747,396</u>	<u>724,958</u>	<u>6,561,728</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,893,541</u>	<u>\$ 1,133,285</u>	<u>\$ 767,769</u>	<u>\$ 926,898</u>	<u>\$ 9,721,493</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Total fund balance for governmental funds	\$	6,561,728
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Capital assets	\$	59,606,786	
Less: accumulated depreciation		<u>(30,131,250)</u>	
Total capital assets, net			29,475,536

Some of the Town's taxes, assessments, and interest receivables will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		531,202
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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.

Accrued interest payable		(29,691)	
Long-term debt:			
Bonds payable		(5,225,000)	
Unamortized bond premium		(73,314)	
Capital lease obligations		(29,751)	
Contract payable		(75,541)	
Other long-term liabilities:			
Early retirement incentives		(42,352)	
Landfill post-closure care liability		(56,780)	
Compensated absences		(184,833)	
Net OPEB obligation		<u>(1,801,749)</u>	
			<u>(7,519,011)</u>

Net position of governmental activities	\$	<u>29,049,455</u>
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TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Capital and Nonrecurring Fund	School Open Choice Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 18,543,192	\$ -	\$ -	\$ -	\$ 18,543,192
Intergovernmental	4,883,002	15,434	513,132	585,657	5,997,225
Charges for services	398,049	-	-	423,129	821,178
Interest income	43,046	7,969	-	16,989	68,004
Other	-	5,975	19,978	82,745	108,698
Total revenues	<u>23,867,289</u>	<u>29,378</u>	<u>533,110</u>	<u>1,108,520</u>	<u>25,538,297</u>
EXPENDITURES					
Current:					
General government	2,434,169	-	-	31,993	2,466,162
Culture and recreation	312,921	-	-	181,177	494,098
Public safety	864,785	-	-	2,279	867,064
Public works	611,149	-	-	241,852	853,001
Sanitation	256,113	-	-	297,891	554,004
Education	17,780,457	-	615,025	320,820	18,716,302
Capital outlays	19,673	494,923	-	147,381	661,977
Debt service	688,160	-	-	-	688,160
Total expenditures	<u>22,967,427</u>	<u>494,923</u>	<u>615,025</u>	<u>1,223,393</u>	<u>25,300,768</u>
Excess (deficiency) of revenues over expenditures	899,862	(465,545)	(81,915)	(114,873)	237,529
OTHER FINANCING SOURCES (USES)					
Contract financing	-	-	-	93,303	93,303
Transfers in	-	650,000	-	46,351	696,351
Transfers out	(691,661)	-	-	(4,690)	(696,351)
Total other financing sources (uses)	<u>(691,661)</u>	<u>650,000</u>	<u>-</u>	<u>134,964</u>	<u>93,303</u>
Net change in fund balances	208,201	184,455	(81,915)	20,091	330,832
Fund balances - beginning, as originally reported	3,795,588	901,130	829,311	826,524	6,352,553
Adjustment (see Note 13)	-	-	-	(121,657)	(121,657)
Fund balances - beginning, as adjusted	<u>3,795,588</u>	<u>901,130</u>	<u>829,311</u>	<u>704,867</u>	<u>6,230,896</u>
Fund balances - ending	<u>\$ 4,003,789</u>	<u>\$ 1,085,585</u>	<u>\$ 747,396</u>	<u>\$ 724,958</u>	<u>\$ 6,561,728</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds	\$	330,832
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which depreciation and amortization expense exceeded capital outlays in the current period is as follows:

Expenditures for capital assets	\$ 489,622	
Depreciation and amortization expense	(1,180,868)	
Net adjustment		(691,246)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The net effect of these differences in the treatment of long-term obligations is as follows:

Debt issued or incurred:		
Contract financing	(93,303)	
Principal repayments:		
Bonds payable	525,000	
Contract payable	17,762	
Capital lease obligations	8,297	
Net adjustment		457,756

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The net effect of such items is as follows:

Accrued interest	3,937	
Amortization of bond premium	14,426	
Landfill post-closure care liability	11,356	
Early retirement incentives	(42,352)	
Compensated absences	(84,332)	
Net OPEB obligation	(196,314)	
		(293,279)

Certain revenues reported in the statement of activities do not provide current financial resources and, therefore, are reported as unavailable revenues in the governmental funds. This amount represents the change in unavailable revenues.

		<u>25,778</u>
Change in net position of governmental activities	\$	<u><u>(170,159)</u></u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 18,194,200	\$ 18,194,200	\$ 18,543,192	\$ 348,992
Intergovernmental	3,156,303	3,156,303	2,975,150	(181,153)
Charges for services	238,227	238,227	289,448	51,221
Interest income	15,000	15,000	43,046	28,046
Total revenues	<u>21,603,730</u>	<u>21,603,730</u>	<u>21,850,836</u>	<u>247,106</u>
EXPENDITURES				
Current:				
General government	2,601,925	2,571,712	2,419,861	(151,851)
Culture and recreation	305,194	315,194	312,921	(2,273)
Public safety	822,186	833,686	823,044	(10,642)
Public works	613,583	622,296	622,296	-
Sanitation	226,112	226,112	225,012	(1,100)
Education	16,075,000	16,075,000	15,974,213	(100,787)
Contingency	44,000	44,000	-	(44,000)
Debt service:				
Principal payments	525,000	549,000	542,762	(6,238)
Interest and fiscal charges	134,513	134,513	134,513	-
Total expenditures	<u>21,347,513</u>	<u>21,371,513</u>	<u>21,054,622</u>	<u>(316,891)</u>
Excess of revenues over expenditures	256,217	232,217	796,214	563,997
OTHER FINANCING SOURCES (USES)				
Appropriation of fund balance	393,783	459,444	-	(459,444)
Prior year unliquidated encumbrances	-	-	87,567	87,567
Transfers out	(650,000)	(691,661)	(691,661)	-
Total other financing sources (uses)	<u>(256,217)</u>	<u>(232,217)</u>	<u>(604,094)</u>	<u>(371,877)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	192,120	<u>\$ 192,120</u>
Fund balances - beginning			<u>3,527,441</u>	
Fund balances - ending			<u>\$ 3,719,561</u>	

The accompanying notes are an integral part of these financial statements .

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

	Pension Trust Funds	Private Purpose Trust Fund Lloyd and Stephanie Giggs Scholarship Fund	Agency Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 137,208	\$ 178,743
Investments	2,639,696	-	-
Total assets	<u>2,639,696</u>	<u>137,208</u>	<u>\$ 178,743</u>
LIABILITIES			
Due to others	-	-	\$ 178,743
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 178,743</u>
NET POSITION			
Held in trust for pension benefits and other purposes	<u>\$ 2,639,696</u>	<u>\$ 137,208</u>	

The accompanying notes are an integral part of these financial statements .

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

	Pension Trust Funds	Private Purpose Trust Fund Lloyd and Stephanie Giggs Scholarship Fund
ADDITIONS		
Contributions:		
Employer	\$ 106,513	\$ -
Plan members	85,649	-
Total contributions	<u>192,162</u>	<u>-</u>
Investment earnings:		
Interest and dividends	74,832	1,704
Net change in the fair value of investment	<u>161,795</u>	<u>-</u>
Net investment earnings	<u>236,627</u>	<u>1,704</u>
Total additions	428,789	1,704
DEDUCTIONS		
Benefit payments	6,628	-
Administrative expenses	150	-
Total deductions	<u>6,778</u>	<u>-</u>
Change in net position	422,011	1,704
Net position - beginning, as originally reported	2,712,804	135,504
Adjustment <i>(See Note 13)</i>	<u>(495,119)</u>	<u>-</u>
Net position - beginning, as adjusted	<u>2,217,685</u>	<u>135,504</u>
Net position - ending	<u>\$ 2,639,696</u>	<u>\$ 137,208</u>

The accompanying notes are an integral part of these financial statements .

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of East Granby, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

FINANCIAL REPORTING ENTITY

The Town was formed under the Statutes of the State of Connecticut and is governed by an elected Board of Selectmen, a Board of Finance and through Town meetings. The Town provides general government, culture and recreation, public safety, public works, sanitation and education services.

The Board of Selectmen is the executive branch of the Town and is responsible for the administration of the Town. The legislative power, including enacting, amending or repealing ordinances and resolutions, is conducted through Town Meetings. The Board of Finance is responsible for financial and taxation matters as prescribed by Connecticut General Statutes and is responsible for presenting fiscal operating budgets for Town Meeting approval.

Accounting principles generally accepted in the United States of America require that the reporting entity include, the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has determined that there are no agencies or entities, which should be presented within the Town's financial statements based on these criteria.

Related Organizations

The Town is a member of the Capitol Region Council of Governments ("CRCOG"), which is a voluntary Council of Governments formed to initiate and implement regional programs of benefit to member towns within the Greater Hartford region. CRCOG is governed by the chief elected officials of 38 Metro Hartford municipalities and the First Selectman of the Town serves on the governing Policy Board and the Executive Committee.

The Town is a member of the Farmington Valley Health District (the "Health District"), which provides food protection, environmental health, community health and emergency preparedness services to its ten member towns. The chairman of the Town's Board of Finance serves on the Health District's governing Board of Directors.

The Town is a member of the Materials Innovation Recycling Authority's (the "Authority") Connecticut Solid Waste System, which provides municipal solid waste and recycling services. The First Selectman of the Town serves on the Authority's governing Board of Directors.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town and include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. The statements are intended to distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town has no business-type activities.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Government-wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

Capital and Nonrecurring Fund - This fund accounts for financial revenues used for the financing of the planning, construction, reconstruction or acquisition of any specific capital improvement or the acquisition of specific equipment and capital additions.

School Open Choice Fund - This fund accounts for open choice revenues restricted to expenditures for educational purposes.

In addition, the Town reports the following fiduciary fund types:

Pension Trust Funds - These funds are used to account for the activities of the Town's defined contribution retirement plans, which accumulate resources for retirement benefit payments to qualified employees.

Private Purpose Trust Fund - This fund type is used to account for trust arrangements under which principal and income benefit individuals. The Town utilizes a private purpose trust fund to account for student scholarships.

Agency Funds - These funds are used to account for resources held by the Town in a purely custodial capacity.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Agency Funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received or available to be received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the cash is received.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

IMPLEMENTATION OF ACCOUNTING STANDARDS

Effective July 1, 2016, the Town adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple Employer Defined Benefit Pension Plans*, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The adoption of these statements did not have a material effect on the Town's financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE

Cash Equivalents

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.

Investments

Investments are measured by the Town at fair value (generally based on quoted market prices), except for investments in certain external investment pools and insurance contracts as described below.

Investments in certain external investment pools consist of the Short-Term Investment Fund (STIF), which is managed by the State of Connecticut Treasurer's Office. Investments in STIF, which is permitted to measure its investment holdings at amortized costs, are measured by the Town at the net asset value per share as determined by the pool.

Investments in insurance contracts are measured by the Town at contract value, which approximates fair value.

Donor-restricted Endowments

The Town allocates investment income on endowment investments in accordance with donor restrictions and Connecticut law. The State of Connecticut adopted the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective October 1, 2007. UPMIFA requires the investment of endowments in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. It requires prudence in incurring investment costs, authorizing only costs that are appropriate and reasonable. Factors to be considered in investing are expanded to include, for example, the effects of inflation. UPMIFA emphasizes that investment decisions be made in relation to the overall resources of the Town.

Inventories and Prepaid Items

Inventories, if any, are reported at cost using the first-in first-out (FIFO) method. Inventories 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.

Property Taxes

Property taxes are assessed as of October 1 and are levied on the following July 1. Real estate and personal property taxes are due in two installments, July 1 and the following January 1. Motor vehicle taxes are payable on July 1 and supplemental motor vehicle taxes are payable on January 1. Taxes become delinquent thirty days after the installment is due and liens are filed on delinquent real estate taxes within one year. Liens are effective on the assessment date and are continued by filing before the end of the year following the due date. Based on historical collection experience and other factors, the Town has established an allowance for uncollectible taxes and interest of \$81,000 and \$93,000, respectively, as of June 30, 2017.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Sewer Usage Charges

Usage charges are billed either annually or semi-annually depending upon the bill amount. Usage charges are due and payable within thirty days and delinquent amounts are subject to interest at prevailing rates.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g. roads, bridges, and sidewalks), are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life of more than two years. Such assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of a capital asset or materially extend capital asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20
Buildings and improvements	20-40
Machinery, equipment, furniture and Fixtures	5-10
Vehicles	8
Infrastructure	20-50

Unearned Revenue

This liability represents resources that have been received but not yet earned.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Deferred inflows of resources consist of revenue that is considered unavailable under the modified accrual basis of accounting. Unavailable revenue is reported within the governmental funds balance sheet and is recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences and Early Retirement Incentives

Employees are granted vacation and sick leave pursuant to Town policies and terms negotiated in union contracts. For Town employees, unused vacation and sick days can be accumulated from year to year up to certain limits. For Board of Education employees, only unused vacation days can be accumulated from year to year up to certain limits. Certain Board of Education personnel are also eligible for certain retirement incentives that are paid out over time.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Compensated Absences and Early Retirement Incentives (Continued)

All compensated absences and early retirement incentives are accrued when incurred in the government-wide financial statements. Expenditures for compensated absences and early retirement incentives are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable 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 the applicable bond premium or discount. Bond issuance costs are expenses when incurred.

In the fund financial statements, governmental funds 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.

Net Position and Fund Balances

The statement of net position presents the Town's assets, deferred outflows and inflows of resources, and liabilities, with net position as the residual of these elements. Net position is reported in three categories:

Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of capital assets.

Restricted net position - This component of net position consists of amounts whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - This component of net position is the net amount of assets, liabilities, and deferred outflows and inflows of resources, which do not meet the definition of the preceding two categories.

The Town's governmental funds report the following fund balance categories:

Nonspendable - Amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - Constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments, or imposed by law through enabling legislation.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION/FUND BALANCE (Continued)

Net Position and Fund Balances (Continued)

Committed - Amounts can be only used for specific purposes pursuant to constraints imposed by formal action by the Town and cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same formal action.

Assigned - Amounts are constrained by the Town's intent to be used for specific purposes, but are not restricted or committed. Amounts may be constrained to be used for a specific purpose by a governing board or body or official that has been delegated authority to assign amounts by Connecticut General Statutes and include the First Selectman and the Treasurer.

Unassigned - Residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

Net Position Flow Assumption

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

The Town considers restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumption

Sometimes the Town 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.

When committed, assigned and unassigned resources are available for use, it is assumed that the Town will use committed resources first, then assigned resources and then unassigned resources as they are needed.

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTERFUND ACTIVITIES (Continued)

Interfund Receivables and Payables (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a restricted fund balance designation (non-spendable) in the General Fund and by a restricted, committed, or assigned fund balance designation of other governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Interfund Services Provided and Used

Sales and purchases of goods and services between funds for a price approximating their external exchange value are reported as revenues and expenditures, or expenses, in the applicable funds.

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY

BUDGETARY INFORMATION

The General Fund is the only fund for which an annual budget is legally adopted. The Town adheres to the following procedures in establishing the budgetary data included in the General Fund financial statements.

- The Board of Selectmen, Board of Education and the Board of Finance prepare an operating budget for the fiscal year commencing July 1 which is presented at the annual Town meeting for approval or submitted to referendum. The operating budget includes proposed expenditures and the means of financing them.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY (Continued)

BUDGETARY INFORMATION (Continued)

- Expenditures are budgeted by function, department and object. The legal level of budget control is the department level. The Board of Finance is authorized to transfer budgeted amounts within and between departments and objects for amounts not exceeding \$20,000 or representing a second transfer to a department. Additional appropriations in excess of \$20,000 must be approved at a Town meeting. During the year, the Board of Finance and Town meetings approved additional appropriations from fund balance of \$65,661.
- Formal budgetary integration is employed as a management control device during the year.
- The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for intergovernmental revenues and encumbrances. Intergovernmental revenues and other reimbursement for certain costs are recorded as reductions to expenditures for budgetary purposes and "on-behalf" payments made by the State of Connecticut into the State Teachers' Retirement System are not recorded for budgetary purposes. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which the purchase order, contract or other commitment is issued and, accordingly, encumbrances outstanding at year-end are reported in budgetary reports as expenditures of the current year.
- All unexpended appropriations lapse at year-end, except those for capital projects funds. Appropriations for capital projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

As described above, accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP basis"). A reconciliation of General Fund amounts presented on the budgetary basis to amounts presented on the GAAP basis is as follows for the year ended June 30, 2017:

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Other Financing Uses</u>	<u>Net Change In Fund Balance</u>
Budgetary basis	\$ 21,850,836	\$ 21,054,622	\$ (604,094)	\$ 192,120
"On-behalf" payments - State Teachers' Retirement Fund	1,907,852	1,907,852	-	-
Encumbrances:				
June 30, 2017	-	(284,228)	-	284,228
June 30, 2016	-	180,580	(87,567)	(268,147)
Reimbursement for certain revenues recorded as a reduction to expenditures for budgetary purposes	108,601	108,601	-	-
GAAP basis	<u>\$ 23,867,289</u>	<u>\$ 22,967,427</u>	<u>\$ (691,661)</u>	<u>\$ 208,201</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 2 - BUDGETARY INFORMATION, COMPLIANCE AND DEFICIT FUND EQUITY (Continued)

DEFICIT FUND EQUITY

The Sewer Use Fund has a deficit fund balance of \$16,589 as of June 30, 2017. This deficit is attributed to timing differences between when usage charges are billed and collected. Usage charges for the six month period ending June 30 are billed during the following October. Accordingly, the deficit will be eliminated in this fund when unavailable revenues as of June 30 become available.

NOTE 3 - CASH DEPOSITS AND INVESTMENTS

CASH DEPOSITS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Town will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2017, the carrying amount of the Town's cash deposits totaled \$2,301,344. As of June 30, 2017, \$1,883,868 of the Town's bank balance of \$2,584,561 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,695,481
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Town's name	<u>188,387</u>
	<u><u>\$ 1,883,868</u></u>

All of the Town's deposits were in qualified public institutions as defined by Connecticut state statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

A reconciliation of the Town's cash deposits as of June 30, 2017 is as follows:

Cash and cash equivalents:	
Government-wide statement of net position	\$ 7,297,157
Statement of fiduciary net position	<u>315,951</u>
	7,613,108
Less: cash equivalents considered investments	<u>(5,311,764)</u>
Total cash deposits	<u><u>\$ 2,301,344</u></u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

A reconciliation of the Town's investments as of June 30, 2017 is as follows:

Investments:	
Statement of fiduciary net position	\$ 2,639,696
Add: cash equivalents considered investments	<u>5,311,764</u>
	<u><u>\$ 7,951,460</u></u>

As of June 30, 2017, the Town's investments consisted of the following:

Investment type	Valuation Basis	Credit Rating	Value	Investment Maturities (In Years)		
				Less Than 1	1 to 5	6 to 10
Debt Securities:						
<i>Governmental activities:</i>						
Short-term Investment Fund (STIF)	Net asset value	AAA	\$ 5,311,764	<u>\$ 5,311,764</u>	<u>\$ -</u>	<u>\$ -</u>
Other Investments:						
<i>Fiduciary Funds:</i>						
Insurance contracts	Contract value	N/A	<u>2,639,696</u>			
			<u><u>\$ 7,951,460</u></u>			

Because investments in the Short-term Investment Fund have weighted average maturities of less than 90 days, they have been presented as investments with maturities of less than one year.

Interest Rate Risk

The Town does not have a formal investment policy that limits Town investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of a counterparty, 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. The Town's investments in external investment pools and insurance contracts are not evidenced by securities and are therefore not exposed to custodial credit risk.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 3 - CASH DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

Credit Risk

The Town has no investment policy that would further limit its investment choices beyond those already limited by Connecticut state statutes. Connecticut state statutes permit the Town to invest in: (1) obligations of the United States, including its instrumentalities and agencies; (2) in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; (3) in 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; (4) or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Other provisions of the statutes cover specific municipal funds with particular investment authority.

The Town's investments in debt securities consist of the Short-Term Investment Fund, which was rated as AAA by Standard & Poor's as of June 30, 2017.

Concentrations of Credit Risk

The Town places no limit on the amount of investment in any one issuer. As of June 30, 2017, 100.0% of the Town's governmental activities investments were invested in the Short-term Investment Fund, which is managed by the State of Connecticut Office of the Treasurer. In addition, as of June 30, 2017, 100.0% of the Town's fiduciary investments were invested in insurance contracts with Voya Financial.

NOTE 4 - CAPITAL ASSETS

Depreciation and amortization expense was charged to functions of the Town as follows:

Governmental Activities:		
General government	\$	12,482
Public safety		97,126
Culture and recreation		238,719
Public Works		154,153
Sanitation		33,223
Education		645,165
Total depreciation expense - governmental activities	\$	<u>1,180,868</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2017 consisted of the following:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 3,571,922	\$ -	\$ -	\$ 3,571,922
Total capital assets, not being depreciated	<u>3,571,922</u>	<u>-</u>	<u>-</u>	<u>3,571,922</u>
Capital assets, being depreciated:				
Buildings and improvements	38,155,096	46,085	-	38,201,181
Land improvements	1,747,982	67,810	-	1,815,792
Machinery, equipment, furniture and fixtures	3,198,261	338,553	-	3,536,814
Vehicles	3,476,457	37,174	-	3,513,631
Infrastructure	8,967,446	-	-	8,967,446
Total capital assets, being depreciated	<u>55,545,242</u>	<u>489,622</u>	<u>-</u>	<u>56,034,864</u>
Less accumulated depreciation and amortization for:				
Buildings and improvements	16,896,114	812,417	-	17,708,531
Land improvements	1,315,394	41,888	-	1,357,282
Machinery, equipment, furniture and fixtures	2,658,081	88,555	-	2,746,636
Vehicles	2,593,898	127,162	-	2,721,060
Infrastructure	5,486,895	110,846	-	5,597,741
Total accumulated depreciation and amortization	<u>28,950,382</u>	<u>1,180,868</u>	<u>-</u>	<u>30,131,250</u>
Total capital assets, being depreciated, net	<u>26,594,860</u>	<u>(691,246)</u>	<u>-</u>	<u>25,903,614</u>
Governmental activities capital assets, net	<u>\$ 30,166,782</u>	<u>\$ (691,246)</u>	<u>\$ -</u>	<u>\$ 29,475,536</u>

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
Governmental Funds		
General Fund	School Open Choice Fund	\$ 20,116
	Nonmajor Governmental Funds	<u>14,845</u>
		<u>34,961</u>
Capital and Nonrecurring Fund	General Fund	<u>1,133,285</u>
Nonmajor Governmental Funds	General Fund	<u>578,117</u>
Total interfund receivables/payables		<u>\$ 1,746,363</u>

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2017 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds		
Capital and Nonrecurring Fund	General Fund	\$ 650,000
Nonmajor Governmental Funds	General Fund	41,661
	Nonmajor Governmental Funds	4,690
		<u>46,351</u>
Total transfers		<u>\$ 696,351</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) use revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

<u>Governmental Activities</u>	<u>Beginning Balance (As Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 5,750,000	\$ -	\$ (525,000)	\$ 5,225,000	\$ 525,000
Unamortized premium	87,740	-	(14,426)	73,314	-
Total bonds payable	<u>5,837,740</u>	-	<u>(539,426)</u>	5,298,314	525,000
Other liabilities:					
Contract payable	-	93,303	(17,762)	75,541	24,000
Capital leases	38,048	-	(8,297)	29,751	27,035
Early retirement incentives	27,840	84,704	-	112,544	70,191
Compensated absences	163,100	192,743	(171,010)	184,833	133,761
Landfill post-closure care liability (see Note 10)	68,136	-	(11,356)	56,780	11,356
Net OPEB obligation (see Note 9)	1,605,435	196,314	-	1,801,749	-
	<u>\$ 7,740,299</u>	<u>\$ 567,064</u>	<u>\$ (747,851)</u>	<u>\$ 7,559,512</u>	<u>\$ 791,343</u>

The above liabilities have typically been liquidated by the General Fund.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 7 - LONG-TERM LIABILITIES (Continued)

GENERAL OBLIGATION BONDS

A summary of general obligation bonds outstanding at June 30, 2017 is as follows:

<u>Purpose of Bonds</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>
Bonds Payable			
General obligation bonds issued April 2012, original amount of \$7,200,000	4/1/2027	2.0% - 3.0%	<u>\$ 5,225,000</u>

Annual debt service requirements to maturity on general obligation bonds are as follows as of June 30, 2017:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>		
	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 525,000	\$ 118,763	\$ 643,763
2019	525,000	108,262	633,262
2020	525,000	97,763	622,763
2021	525,000	87,262	612,262
2022	525,000	76,106	601,106
2023-2027	2,600,000	195,469	2,795,469
	<u>\$ 5,225,000</u>	<u>\$ 683,625</u>	<u>\$ 5,908,625</u>

Legal Debt Limit

Connecticut General Statutes Section 7-374(b) provides that authorized debt of the Town shall not exceed seven times base receipts, as defined in the Statute. Further, the Statute limits the amount of debt that may be authorized by the Town for general purposes, schools, sewers, urban renewal and pension deficit. The Town did not exceed any of the statutory debt limitations at June 30, 2017.

CONTRACT PAYABLE

The Town has entered into a contract with a vendor for the installation of energy efficient lighting upgrades. The cost to the Town of the \$93,303, net of a discount of \$36,112, is payable in fixed monthly installments to the vendor.

Future annual contract payments are as follows as of June 30, 2017:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>
2018	\$ 24,000
2019	24,000
2020	3,541
Total minimum contract payments	<u>\$ 51,541</u>

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 7 - LONG-TERM LIABILITIES (Continued)

CAPITAL LEASES

A summary of assets acquired through capital leases is as follows as of June 30, 2017:

	Governmental Activities
Vehicles	\$ 56,702
Less: accumulated amortization	26,951
	\$ 29,751

Amortization expense relative to leased property under capital leases totaled \$10,885 for the year ended June 30, 2017 and is included in depreciation and amortization expense disclosed in Note 3.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 are as follows:

Year ending June 30:	Governmental Activities
2018	\$ 30,040
2019	2,731
Total minimum lease payments	32,771
Less: amount representing interest	(3,020)
Present value of minimum lease payments	\$ 29,751

NOTE 8 - FUND BALANCE

As of June 30, 2017, nonspendable, restricted, committed and assigned fund balance for other purposes consists of the following:

	General Fund	Capital and Nonrecurring Fund	School Open Choice Fund	Nonmajor Governmental Funds	Total
Nonspendable - prepaid insurance	\$ 43,416	\$ -	\$ -	\$ -	\$ 43,416
Restricted:					
Grant Programs - Education	-	-	747,396	-	747,396
Grant Programs - Other	-	-	-	72,648	72,648
Committed for:					
Capital purposes	-	1,085,585	-	244,449	1,330,034
Programs - Education	-	-	-	104,732	104,732
Programs - Sanitation	-	-	-	148,476	148,476
Programs - Other	-	-	-	171,242	171,242
Assigned to:					
Subsequent year's budget	1,039,965	-	-	-	1,039,965
Encumbrances - Education	175,616	-	-	-	175,616
Encumbrances - Town	108,612	-	-	-	108,612
Unassigned	2,636,180	-	-	(16,589)	2,619,591
	\$ 4,003,789	\$ 1,085,585	\$ 747,396	\$ 724,958	\$ 6,561,728

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 8 - RETIREMENT PLANS

DEFINED CONTRIBUTION MONEY PURCHASE RETIREMENT PLANS

Plan Descriptions

Effective September 1, 1978, East Granby established separate defined contribution money purchase plans for general government employees and Board of Education employees respectively. This type of plan provides retirement benefits in return for services rendered, an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution retirement plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

The Plans cover all Town and Board of Education employees not covered by the State of Connecticut's Teachers' Retirement System who have completed one year of service. Town contributions vary based on designated employee classes. Eligible Board of Education employees who contribute 2.0% of compensation receive a Town contribution of 5.0%. Eligible Town employees who contribute 2.0% of compensation receive a Town contribution of 3.0%. In addition, Town employees that contribute an additional 3.0% of compensation receive an additional Town contribution of 3.0%. Plan participants are not required to contribute to the Plan. Contributions made by a participant vest immediately and contributions made by the Town vest after five years of service.

The Plans do not issue stand alone financial statements and are part of the Town's financial reporting entity since the Town has trustee responsibilities related to the participant accounts which contain employer contributions. As such, the Plans are accounted for in the fiduciary fund financial statements as pension trust funds.

The Plans are accounted for using the accrual basis of accounting. Town contributions are recognized when due and the Town has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans. Investments consists of insurance contracts and are reported at contract value, which approximates fair value.

Employer contributions totaled \$69,234 and employee contributions totaled \$43,106 for the Town Plan for year ended June 30, 2017.

Employer contributions totaled \$37,279 and employee contributions totaled \$42,543 for the Board of Education Plan for year ended June 30, 2017.

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM

The faculty and professional personnel of the Town's Board of Education participate in the State of Connecticut's Teachers' Retirement System ("TRS"), which is a cost-sharing multiple-employer defined benefit pension plan established under Chapter 167a of the Connecticut General Statutes. The TRS is administered by the Connecticut State Teachers' Retirement Board (the "Board") and is included as a fiduciary pension trust fund in the State of Connecticut's basic financial statements. The Board issues publicly available financial reports.

Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183ss of the Connecticut General Statutes. The plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 8 - RETIREMENT PLANS (Continued)

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (Continued)

The contribution requirements of plan members and the State are established and may be amended by the State legislature. In accordance with Section 10-183z of the General Statutes, the Town does not and is not legally responsible to contribute to the plan as a special funding situation exists that requires the State to contribute 100% of employer's contributions on-behalf of its participating municipalities at an actuarially determined rate. Plan members are currently required to contribute 7.25% of their annual earnings to the plan. After five years of service, teachers are fully vested in their own contributions. After ten years of service, teachers are fully vested in the monthly pension benefit which is payable at the age of sixty. For the year ended June 30, 2017, plan members of the Town contributed \$553,900 to the plan and covered payroll for the year was \$7,640,000.

The Town has recognized on-behalf payments of \$1,907,852 made by the State of Connecticut into the plan as intergovernmental revenues, and related expenditures of the General Fund in the accompanying statement of revenues, expenditures and changes in fund balances of the governmental funds.

Administrative costs of the plan are funded by the State.

The total estimated net pension liability of the TRS as of June 30, 2016 was \$14.245 billion, the most recent available reporting provided by the Board. The portion that was associated with the Town totaled approximately \$27.86 million or approximately 0.20% of the total estimated net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The portion of the net pension liability associated with the Town was based on a projection of the long-term share of contributions to the plan related to the Town relative to the projected contributions of all participating employers, actuarially determined.

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

Inflation		2.75%
Salary increases	3.25% - 6.50%, including inflation	
Investment rate of return	8.0%, net of investment related expense	
Cost of living adjustments:		
Retirements prior to 9/1/1992		3.00%
Retirements on or after 9/1/1992		2.00%

For healthy retirees and beneficiaries, mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

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.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 8 - RETIREMENT PLANS (Continued)

CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.0%	5.80%
Developed Non-U.S. Equities	18.0%	6.60%
Fixed Income (Core)	7.0%	1.30%
Private Equity	11.0%	7.60%
Emerging Markets (Non-U.S.)	9.0%	8.30%
Alternative investments	8.0%	4.10%
Inflation Linked Bonds	3.0%	1.00%
Cash	6.0%	0.40%
Real Estate	7.0%	5.10%
Emerging Market Bonds	5.0%	3.70%
High Yield Bonds	5.0%	3.90%
	<u>100%</u>	

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 rates in 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.

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

	<u>1% Decrease (7.00%)</u>	<u>Current Discount (8.00%)</u>	<u>1% Increase (9.00%)</u>
Proportionate share of the net pension liability attributed to the Town	\$34.4 million	\$27.9 million	\$22.4 million

Detailed information about the plan's fiduciary net position is included in the State of Connecticut's basic financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 8 - RETIREMENT PLANS (Continued)

DEFERRED COMPENSATION PLAN

The Town offers employees who are eligible for benefits a deferred compensation plan in accordance with Internal Revenue Code Section 457. Deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Town has no trustee or other fiduciary responsibilities related to participant accounts and therefore the plan is not accounted for in the fiduciary fund financial statements of the Town.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

PLAN DESCRIPTIONS

Employees' OPEB Plan

The Town provides certain health care benefits for some of its retired employees (teachers, noncertified staff, and administrators). Under provisions of the teachers' and noncertified staff employment contracts, the Town will finance 25.0% of the health care premiums for the first three years of the employee's retirement, provided the employee notifies the Town prior to January 1st of the year in which they retire. The administrators' have a similar arrangement, but the coverage is 90.0% over the first four years. The Town contributes on a pay-as-you-go rather than on an actuarial basis.

Teachers' OPEB Plan

Teachers or administrators retiring under the Connecticut State Teachers' Retirement System are eligible to receive health benefits for themselves and their spouse. Normal retirement is the earliest of age 60 with 20 years of service, or completion of 35 years of service regardless of age. Early retirement is the earliest of age 60 with 10 years of service, any age with 25 years of service, or age 55 with 20 years of service. NCE – Employees, who are not eligible for Medicare, with at least 25 years of service, are eligible to continue health benefits for themselves and their spouse.

BENEFITS AND COST SHARING

Teachers - The Town contributes 25.0% of the cost of insurance for teachers with 25 years of service for three years following retirement. Thereafter, the retiree contributes 100.0% of the cost. Teachers with less than 25 years of service at retirement pay 100.0% of the cost. For Medicare eligible retirees and spouses, the Town contributes 25.0% of the insurance cost for three years following retirement. Thereafter, the retiree contributes 100.0% of the cost.

Administrators - Retirees with 15 or more years of service contribute 21.5% of the PPO, 25.0% of the dental insurance costs and 18.0% of the HMO/HSA insurance costs. The Town contributes the remaining percentage of the costs for three years (four years through June 30, 2015) following retirement. Thereafter, the retiree contributes 100.0%. Retirees with 10 or more years of service contribute 50.0% of the medical and dental insurance costs. The Town contributes the remaining percentage of the cost for three years following retirement. Thereafter, the retiree contributes 100.0%. NCE – The retiree contributes 75.0% of the cost for medical and dental insurance. The Town contributes the remaining percentage of the cost for three years following retirement. Thereafter, the retiree contributes 100.0%.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The Town's annual OPEB cost is calculated based on the annual required contribution ("ARC"), an amount actuarially determined. 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 over a period not to exceed thirty years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed, and changes in the Town's net OPEB obligation:

Annual required contribution	\$ 321,800
Interest on net OPEB obligation	64,217
Adjustment to annual required contribution	<u>(75,893)</u>
Annual OPEB cost	310,124
Contributions made	<u>113,810</u>
Increase in net OPEB obligation	196,314
Net OPEB obligation, beginning of year	<u>1,605,435</u>
Net OPEB obligation, end of year	<u><u>\$ 1,801,749</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for the years ended June 30, 2015, 2016 and 2017 are as follows:

Year Ended June 30	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 310,124	\$ 113,810	37%	\$ 1,801,749
2016	292,766	93,161	32%	1,605,435
2015	317,058	94,000	30%	1,405,830

FUNDED STATUS AND FUNDING PROGRESS

The funded status of the plans as of July 1, 2016, the most recent actuarial valuation date, was as follows:

Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost Method (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)
\$ -	\$ 1,788,610	\$ 1,788,610	0.0%

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the Town are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits are based on the substantive plan (the plan as understood by the Town and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Town and plan members in the future. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Valuation date:	July 1, 2016
Actuarial cost method:	Entry Age Normal Cost
Amortization method:	Level Dollar Amount
Remaining amortization period:	30 years, closed
Asset valuation method:	Market value
Actuarial assumptions:	
Discount rate	4.0%
Inflation rate	2.75%
Healthcare cost trend rate	7.30% initial 4.40% final

NOTE 10 - LANDFILL POST-CLOSURE CARE LIABILITY

The Town landfill has been closed. State and federal laws and regulations require landfill closures to meet certain standards. Monitoring costs for the next 5 years are estimated to be \$56,780. This amount is based on estimates, which are subject to change due to inflation, technology or applicable laws and regulations.

NOTE 11 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God for which the Town carries commercial insurance. Neither the Town nor its insurers have settled any claims which exceeded the Town's insurance coverage in any of the last three fiscal years. There have been no significant reductions in any insurance coverage from amounts in the prior year.

NOTE 12 - CONTINGENCIES

The Town has received state and federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for any expenditure disallowed under terms of the grant. Based on prior experience, Town management believes such disallowances, if any, will not be material.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 13 - ADJUSTMENTS - CORRECTION OF PRIOR PERIODS

The financial statement accounts described below have been adjusted to correct for the impact of errors identified in connection with the Town's financial statement closing process as of June 30, 2017. The effect of the prior period adjustments on the change in net assets and the change in fund balances for the year ended June 30, 2016 cannot be readily determined. Net assets and fund balance as of July 1, 2016 have been adjusted as follows:

	Governmental Activities	Governmental Funds	Pension Trust Funds
Adjustment to reduce over accrual of the Town's landfill post-closure care liability	\$ 322,964	\$ -	\$ -
Adjustment to remove unavailable sewer revenues recognized in the governmental funds	-	(121,657)	-
Adjustment to remove assets held under deferred compensation arrangements	-	-	(495,119)
	\$ 322,964	\$ (121,657)	\$ (495,119)

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town has not yet determined the impact that this statement will have on its financial statements.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement addresses accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations. (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement which (1) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (2) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, and (3) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town does not expect this statement to have a material effect on its financial statements.

TOWN OF EAST GRANBY, CONNECTICUT
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2017

NOTE 14 - RECENTLY ISSUED ACCOUNTING STANDARDS (Continued)

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2019. The Town has not yet determined the impact that this statement might have on its financial statements.

In March 2017, the GASB issued Statement No. 85, *Omnibus*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2017. The Town does not expect this statement to have a material effect on its financial statements.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Town's reporting period beginning July 1, 2020. The Town has not yet determined the impact that this statement might have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
CONNECTICUT STATE TEACHERS' RETIREMENT SYSTEM
LAST THREE FISCAL YEARS
(Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability attributed to the Town	0.20%	0.18%	0.18%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability attributed to the Town	27,858	19,647	19,647
Total	<u>\$ 27,858</u>	<u>\$ 19,647</u>	<u>\$ 19,647</u>
Town's covered payroll	\$ 7,640	\$ 7,490	\$ 7,047
Town's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	52.26%	59.50%	61.51%

NOTES TO THE SCHEDULE:

The Town began to report this schedule when it implemented GASB Statement No. 68 in fiscal year 2015.

The total pension liability reported for each fiscal year is based on a measurement date as of the end of the prior fiscal year (i.e. the total pension liability reported for 2017 is based on a June 30, 2016 measurement date).

Benefit changes : There were no changes in benefit terms that affected the measurement of the total pension liability.

Changes in assumptions : The following significant changes in assumptions were made, which impacted the State's proportionate share of the net pension liability associated with the Town:

1. Inflation rate reduced from 3.00% to 2.75%.
2. Investment rate of return reduced from 8.50% to 8.00%.
3. Updated mortality tables to projected versions of the RPH-2014 mortality tables.

TOWN OF EAST GRANBY, CONNECTICUT
OTHER POST-EMPLOYMENT BENEFITS PROGRAM
SCHEDULES OF FUNDING PROGRESS AND CONTRIBUTIONS - UNAUDITED

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)
		Accrued Liability (AAL) - Entry Age normal (B)			
July 1, 2016	\$ -	\$ 1,788,610		\$ 1,788,610	0.0%
July 1, 2014	-	2,674,432		2,674,432	0.0%
July 1, 2012	-	3,145,000		3,145,000	0.0%
July 1, 2010	-	4,231,000		4,231,000	0.0%
July 1, 2008	-	3,692,200		3,692,200	0.0%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ended	Annual Required Contribution	Actual Contribution	Percentage Contributed
June 30, 2017	\$ 321,800	\$ 113,810	35.4%
June 30, 2016	300,101	93,161	31.0%
June 30, 2015	321,000	94,000	29.3%
June 30, 2014	299,000	76,000	25.4%
June 30, 2013	368,000	136,000	37.0%

See accompanying Independent Auditor's Report.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

GENERAL FUND

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
PROPERTY TAXES:				
Property taxes - current year	\$ 17,992,437	\$ 17,992,437	\$ 18,277,797	\$ 285,360
Property taxes - prior years	126,988	126,988	170,359	43,371
Interest and lien fees	74,775	74,775	95,036	20,261
Total property taxes	<u>18,194,200</u>	<u>18,194,200</u>	<u>18,543,192</u>	<u>348,992</u>
INTERGOVERNMENTAL:				
Education cost sharing	1,433,733	1,433,733	1,427,087	(6,646)
PILOT - Airport Authority	657,991	657,991	657,991	-
Municipal grants-in-aid	537,454	537,454	537,454	-
Special education excess cost	200,000	200,000	155,390	(44,610)
Municipal revenue sharing	162,808	162,808	115,696	(47,112)
Property tax relief	25,136	25,136	23,550	(1,586)
Telephone line tax	14,098	14,098	14,559	461
Adult education	1,476	1,476	1,569	93
Other	123,607	123,607	41,854	(81,753)
Total intergovernmental	<u>3,156,303</u>	<u>3,156,303</u>	<u>2,975,150</u>	<u>(181,153)</u>
CHARGES FOR SERVICES:				
Conveyance taxes	80,000	80,000	81,673	1,673
Building permits	62,929	62,929	122,541	59,612
Aircraft registration fees	40,000	40,000	33,500	(6,500)
Recording fees	37,386	37,386	36,776	(610)
Other fees	17,912	17,912	14,958	(2,954)
Total charges for services	<u>238,227</u>	<u>238,227</u>	<u>289,448</u>	<u>51,221</u>
INTEREST INCOME				
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>43,046</u>	<u>28,046</u>
Total revenues	<u>21,603,730</u>	<u>21,603,730</u>	<u>21,850,836</u>	<u>247,106</u>
OTHER FINANCING SOURCES:				
Appropriation of fund balance	393,783	459,444	-	(459,444)
Prior year unliquidated encumbrances	-	-	87,567	87,567
Total other financing sources	<u>393,783</u>	<u>459,444</u>	<u>87,567</u>	<u>(371,877)</u>
Total revenues and other financing sources	<u>\$ 21,997,513</u>	<u>\$ 22,063,174</u>	<u>\$ 21,938,403</u>	<u>\$ (124,771)</u>

See accompanying Independent Auditor's Report.

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
GENERAL GOVERNMENT:				
Insurance	\$ 841,000	\$ 792,041	\$ 680,742	\$ (111,299)
Selectmen's office	179,750	183,750	183,750	-
Public buildings	171,230	176,230	175,312	(918)
Utilities	169,000	169,000	169,000	-
Payroll taxes	150,800	150,800	139,807	(10,993)
Assessor's office	134,122	134,122	134,242	120
Building inspector	127,714	127,714	127,715	1
Town clerk's office	116,520	116,520	109,904	(6,616)
Tax collector's office	98,695	100,195	99,965	(230)
Data services	92,640	93,640	96,640	3,000
Planning and Zoning Commission	90,174	94,674	94,674	-
Facilities maintenance	74,979	74,979	74,979	-
Commission on aging	66,862	66,862	66,862	-
Registrars	50,505	50,505	43,483	(7,022)
Street lighting	36,000	38,500	37,745	(755)
Health services	29,863	29,863	29,863	-
Social services	22,927	22,927	22,429	(498)
Treasurer's office	22,792	22,792	22,209	(583)
Audit	21,900	21,900	21,900	-
Commission on youth services	20,000	20,000	16,937	(3,063)
Legal	20,000	20,000	20,000	-
Dues and memberships	19,292	19,538	19,538	-
Animal control	16,000	16,000	14,000	(2,000)
Engineering	14,000	14,000	14,000	-
Economic and development	10,000	10,000	-	(10,000)
Probate court	2,000	2,000	2,000	-
Board of Finance	1,700	1,700	865	(835)
Cemeteries	1,300	1,300	1,300	-
Board of Assessment Appeals	160	160	-	(160)
Total general government	<u>2,601,925</u>	<u>2,571,712</u>	<u>2,419,861</u>	<u>(151,851)</u>
CULTURE AND RECREATION:				
Library	201,000	201,000	201,000	-
Parks and recreation	104,194	114,194	111,921	(2,273)
Total culture and recreation	<u>305,194</u>	<u>315,194</u>	<u>312,921</u>	<u>(2,273)</u>

(Continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued) :				
PUBLIC SAFETY:				
Police department	\$ 592,227	\$ 592,227	\$ 582,158	\$ (10,069)
Fire department	120,813	126,813	126,812	(1)
Ambulance service	61,250	61,250	60,641	(609)
Fire marshal	37,298	42,798	42,969	171
Civil preparedness	10,598	10,598	10,464	(134)
Total public safety	<u>822,186</u>	<u>833,686</u>	<u>823,044</u>	<u>(10,642)</u>
PUBLIC WORKS	<u>613,583</u>	<u>622,296</u>	<u>622,296</u>	<u>-</u>
DEBT SERVICE:				
Principal	525,000	549,000	542,762	(6,238)
Interest	134,513	134,513	134,513	-
Total debt service	<u>659,513</u>	<u>683,513</u>	<u>677,275</u>	<u>(6,238)</u>
SANITATION	<u>226,112</u>	<u>226,112</u>	<u>225,012</u>	<u>(1,100)</u>
EDUCATION	<u>16,075,000</u>	<u>16,075,000</u>	<u>15,974,213</u>	<u>(100,787)</u>
CONTINGENCY	<u>44,000</u>	<u>44,000</u>	<u>-</u>	<u>(44,000)</u>
Total expenditures	<u>21,347,513</u>	<u>21,371,513</u>	<u>21,054,622</u>	<u>(316,891)</u>
OTHER FINANCING USES:				
TRANSFERS OUT:				
Capital and Nonrecurring Fund	650,000	650,000	650,000	-
Floydville Bridge Fund	-	41,661	41,661	-
Total other financing uses	<u>650,000</u>	<u>691,661</u>	<u>691,661</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 21,997,513</u>	<u>\$ 22,063,174</u>	<u>\$ 21,746,283</u>	<u>\$ (316,891)</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EDUCATION EXPENDITURES
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES:				
EDUCATION				
Certified personnel	\$ 7,559,007	\$ 7,614,007	\$ 7,679,809	\$ 65,802
Noncertified personnel	1,430,758	1,430,758	1,448,735	17,977
Certified substitutes	124,277	109,281	145,361	36,080
Noncertified substitutes	7,500	7,500	240	(7,260)
Custodial overtime-events	15,872	30,872	3,013	(27,859)
Contracted substitutes	19,110	19,110	53,092	33,982
Other salaries	233,894	168,894	279,117	110,223
Group health life insurance	2,381,110	2,381,110	2,243,294	(137,816)
Social security	110,812	110,812	108,131	(2,681)
Medicare	131,767	131,767	136,327	4,560
Employer pension	65,918	65,918	72,439	6,521
Unemployment payments	20,000	20,000	13,157	(6,843)
Workers' compensation	109,228	102,911	98,696	(4,215)
Professional improvement	72,000	71,775	71,966	191
Assessment services	1,039	1,039	-	(1,039)
Other professional & technology services	402,865	365,865	287,365	(78,500)
Data processing	24,719	28,769	30,119	1,350
Water and sewage	24,950	24,950	23,633	(1,317)
Rubbish removal	10,515	12,234	12,234	-
Contracted maintenance services	199,159	200,334	208,309	7,975
Repairs to buildings	53,200	118,385	142,830	24,445
Rentals	175	-	-	-
Pupil transportation	848,961	769,167	671,092	(98,075)
Property insurance	29,113	30,307	30,307	-
Liability insurance	30,524	28,944	28,944	-
Errors & omissions insurance	19,642	19,005	19,005	-
Telephone	38,867	38,067	30,809	(7,258)
Postage	10,200	10,220	8,420	(1,800)
Advertisement	1,000	1,000	52	(948)
Job printing & binding	9,470	9,789	8,506	(1,283)
Public school tuition	263,139	381,139	359,652	(21,487)
Private school tuition	883,755	765,755	732,875	(32,880)
Travel & conferences	12,541	12,466	12,963	497
Field trips	2,500	3,722	2,432	(1,290)
Supplies	101,299	112,608	127,401	14,793
Administrative supply	30,250	38,250	37,380	(870)
Natural gas	25,500	25,500	25,212	(288)
Electricity	311,118	331,118	370,573	39,455
Propane gas	525	525	359	(166)
Heating supplies oil	97,850	97,850	87,062	(10,788)
Books/textbooks/workbooks	105,454	98,956	108,519	9,563
Licenses/subscriptions	142,466	133,034	68,887	(64,147)
Equipment	25,063	37,075	71,118	34,043
Memberships & special programs	57,888	57,212	56,092	(1,120)
Legal fees	30,000	57,000	58,686	1,686
Total education expenditures	<u>\$ 16,075,000</u>	<u>\$ 16,075,000</u>	<u>\$ 15,974,213</u>	<u>\$ (100,787)</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY CONNECTICUT
SCHEDULE OF PROPERTY TAXES LEVIED, COLLECTED AND OUTSTANDING
FOR THE YEAR ENDED JUNE 30, 2017

Grand List Year	Balance Uncollected June 30, 2016	Current Levy	Lawful Corrections		Transfers To Suspense	Balance To Be Collected	Collections			Balance Uncollected June 30, 2017
			Additions	Deductions			Taxes	Interest, Liens and Fees	Total	
2015	\$ -	\$ 18,479,278	\$ 94,930	\$ 46,117	\$ 2,542	\$ 18,525,549	\$ 18,312,745	\$ 49,229	\$ 18,361,974	\$ 212,804
2014	177,587	-	348	3,501	383	174,051	120,926	23,628	144,554	53,125
2013	59,701	-	9	1,230	119	58,361	35,754	11,481	47,235	22,607
2012	23,778	-	-	1,090	62	22,626	4,361	2,568	6,929	18,265
2011	23,062	-	-	1,079	234	21,749	4,243	3,265	7,508	17,506
2010	21,691	-	2	905	371	20,417	3,925	3,210	7,135	16,492
2009	14,026	-	-	-	173	13,853	319	371	690	13,534
2008	12,823	-	-	1	5,037	7,785	126	160	286	7,659
2007	10,420	-	-	-	3,590	6,830	25	34	59	6,805
2006	6,577	-	-	-	-	6,577	-	-	-	6,577
2005	6,251	-	-	-	-	6,251	-	-	-	6,251
2004	5,965	-	-	-	-	5,965	-	-	-	5,965
2003	5,831	-	-	-	-	5,831	-	-	-	5,831
2002	4,877	-	-	-	-	4,877	-	-	-	4,877
2001	4,690	-	-	-	-	4,690	-	-	-	4,690
2000	4,302	-	-	4,302	-	-	-	-	-	-
1999	4,098	-	-	4,098	-	-	-	-	-	-
	<u>\$ 385,679</u>	<u>\$ 18,479,278</u>	<u>\$ 95,289</u>	<u>\$ 62,323</u>	<u>\$ 12,511</u>	<u>\$ 18,885,412</u>	<u>\$ 18,482,424</u>	<u>\$ 93,946</u>	<u>\$ 18,576,370</u>	<u>\$ 402,988</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY CONNECTICUT
SCHEDULE OF DEBT LIMITATION
CONNECTICUT GENERAL STATUTES, SECTION 7-374(b)
FOR THE YEAR ENDED JUNE 30, 2017

Total cash collections for the year ended
June 30, 2017:

Taxes	\$ 18,482,424
Interest and lien fees	93,946
Total	<u>18,576,370</u>

Reimbursement for revenue loss:

Tax relief for elderly (CGS 12-129d)	20,081
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Base	<u>\$ 18,596,451</u>
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	General Purposes	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2-1/4 times base	\$ 41,842,015	\$ -	\$ -	\$ -	\$ -
4-1/2 times base	-	83,684,030	-	-	-
3-3/4 times base	-	-	69,736,691	-	-
3-1/4 times base	-	-	-	60,438,466	-
3 times base	-	-	-	-	55,789,353
Total debt limitation	<u>41,842,015</u>	<u>83,684,030</u>	<u>69,736,691</u>	<u>60,438,466</u>	<u>55,789,353</u>
Indebtedness:					
Bonds payable	-	5,225,000	-	-	-
Total indebtedness	<u>-</u>	<u>5,225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of outstanding and authorized debt	<u>\$ 41,842,015</u>	<u>\$ 78,459,030</u>	<u>\$ 69,736,691</u>	<u>\$ 60,438,466</u>	<u>\$ 55,789,353</u>
Total capacity of borrowing (7 times base)	\$ 130,175,157				
Total present indebtedness	5,225,000				
Margin for additional borrowing	<u>\$ 124,950,157</u>				

See accompanying Independent Auditor's Report.

CAPITAL AND NONRECURRING FUND

TOWN OF EAST GRANBY, CONNECTICUT
CAPITAL AND NONRECURRING FUND
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES - BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2017

	Appropriations			Expenditures			Close Out of Appropriation	Remaining Balance June 30, 2017
	Balance June 30, 2016	Current Year	Balance June 30, 2017	Balance June 30, 2016	Current Year	Balance June 30, 2017		
Capital and Nonrecurring Fund								
Storm water mapping	\$ 4,000	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ (4,000)	\$ -
Police radios	35,000	-	35,000	-	35,000	35,000	-	-
Road maintenance	145,000	-	145,000	-	145,000	145,000	-	-
School technology	60,000	-	60,000	-	59,942	59,942	(58)	-
Town hall chillers	72,000	-	72,000	-	67,386	67,386	(4,614)	-
Security initiatives	-	36,060	36,060	-	33,568	33,568	-	2,492
Middle School parking lot repairs	-	69,240	69,240	-	51,692	51,692	(17,548)	-
Middle School carpet replacement	-	47,700	47,700	-	47,700	47,700	-	-
Road maintenance	-	29,000	29,000	-	15,888	15,888	-	13,112
Fire Department turnout gear	-	32,900	32,900	-	31,872	31,872	(1,028)	-
Boiler Replacement	-	7,000	7,000	-	6,874	6,874	(126)	-
Phase I reappraisal and revaluation	-	67,000	67,000	-	-	-	-	67,000
Road maintenance	-	124,000	124,000	-	-	-	-	124,000
School technology	-	60,000	60,000	-	-	-	-	60,000
Total Capital and Nonrecurring Fund	<u>\$ 316,000</u>	<u>\$ 472,900</u>	<u>\$ 788,900</u>	<u>\$ -</u>	<u>\$ 494,922</u>	<u>\$ 494,922</u>	<u>\$ (27,374)</u>	<u>\$ 266,604</u>

See accompanying Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING BALANCE SHEET -
 NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Debt Service Sewer Assessment Fund	Permanent Holcomb Loomis Trust Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 209,595	\$ -	\$ -	\$ 1,514	\$ 211,109
Receivables:					
Grants and contracts	5,340	-	-	-	5,340
Other	125,477	-	6,855	-	132,332
Due from other funds	311,340	244,449	22,328	-	578,117
Total assets	<u>\$ 651,752</u>	<u>\$ 244,449</u>	<u>\$ 29,183</u>	<u>\$ 1,514</u>	<u>\$ 926,898</u>
LIABILITIES					
Accounts payable	\$ 36,031	\$ -	\$ -	\$ -	\$ 36,031
Due to other funds	14,845	-	-	-	14,845
Unearned revenue	18,732	-	-	-	18,732
Total liabilities	<u>69,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,608</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	125,477	-	6,855	-	132,332
FUND BALANCES					
Restricted	71,134	-	-	1,514	72,648
Committed for:					
Capital purposes	-	244,449	-	-	244,449
Educational purposes	104,732	-	-	-	104,732
Other purposes	297,390	-	22,328	-	319,718
Unassigned	(16,589)	-	-	-	(16,589)
Total fund balances	<u>456,667</u>	<u>244,449</u>	<u>22,328</u>	<u>1,514</u>	<u>724,958</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 651,752</u>	<u>\$ 244,449</u>	<u>\$ 29,183</u>	<u>\$ 1,514</u>	<u>\$ 926,898</u>

See accompanying Independent Auditor's Report.

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Debt Service Sewer Assessment Fund	Permanent Holcomb Loomis Trust Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 535,278	\$ 50,379	\$ -	\$ -	\$ 585,657
Charges for services	416,490	-	6,639	-	423,129
Interest income	16,858	-	123	8	16,989
Other	46,633	36,112	-	-	82,745
Total revenues	<u>1,015,259</u>	<u>86,491</u>	<u>6,762</u>	<u>8</u>	<u>1,108,520</u>
EXPENDITURES					
Current:					
General government	31,993	-	-	-	31,993
Culture and recreation	181,177	-	-	-	181,177
Public safety	2,279	-	-	-	2,279
Public works	241,852	-	-	-	241,852
Sanitation	297,891	-	-	-	297,891
Education	320,820	-	-	-	320,820
Capital outlays	-	147,381	-	-	147,381
Total expenditures	<u>1,076,012</u>	<u>147,381</u>	<u>-</u>	<u>-</u>	<u>1,223,393</u>
Excess (deficiency) of revenues over expenditures	(60,753)	(60,890)	6,762	8	(114,873)
OTHER FINANCING SOURCES (USES)					
Proceeds from loan	-	93,303	-	-	93,303
Transfers in	4,690	41,661	-	-	46,351
Transfers out	(4,690)	-	-	-	(4,690)
Total other financing sources (uses)	<u>-</u>	<u>134,964</u>	<u>-</u>	<u>-</u>	<u>134,964</u>
Net change in fund balances	(60,753)	74,074	6,762	8	20,091
Fund balances - beginning, as originally reported	639,077	170,375	15,566	1,506	826,524
Adjustment (see Note 13)	(121,657)	-	-	-	(121,657)
Fund balances - beginning, as adjusted	<u>517,420</u>	<u>170,375</u>	<u>15,566</u>	<u>1,506</u>	<u>704,867</u>
Fund balances - ending	<u>\$ 456,667</u>	<u>\$ 244,449</u>	<u>\$ 22,328</u>	<u>\$ 1,514</u>	<u>\$ 724,958</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	Town Aid Roads Fund	Dog Fund	Educational Grants Fund	Milk Fund	Parks & Recreation Fund	Open Space Fund
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 21,360	\$ 5,797	\$ 84,412	\$ -
Receivables:						
Grants and contracts	-	-	3,521	1,819	-	-
Other	-	-	-	-	-	-
Due from other funds	-	26,862	-	-	-	11,672
Total assets	<u>\$ -</u>	<u>\$ 26,862</u>	<u>\$ 24,881</u>	<u>\$ 7,616</u>	<u>\$ 84,412</u>	<u>\$ 11,672</u>
LIABILITIES						
Accounts payable	\$ -	\$ 4,358	\$ 6,758	\$ -	\$ -	\$ -
Due to other funds	-	-	14,845	-	-	-
Unearned revenue	-	-	3,278	-	15,454	-
Total liabilities	<u>-</u>	<u>4,358</u>	<u>24,881</u>	<u>-</u>	<u>15,454</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	-
FUND BALANCES						
Restricted	-	22,504	-	7,616	-	-
Committed for:						
Educational purposes	-	-	-	-	-	-
Other purposes	-	-	-	-	68,958	11,672
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>22,504</u>	<u>-</u>	<u>7,616</u>	<u>68,958</u>	<u>11,672</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ -</u>	<u>\$ 26,862</u>	<u>\$ 24,881</u>	<u>\$ 7,616</u>	<u>\$ 84,412</u>	<u>\$ 11,672</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2017

	Halloween Party Fund	High School Food Store Fund	Small Cities Fund	Community Center Fund	Document Restoration Fund	Seniors Fund	Rockbestos Fund
ASSETS							
Cash and cash equivalents	\$ 1,530	\$ 10,471	\$ 10	\$ 1,120	\$ -	\$ 18,613	\$ 19,261
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	8,711	-	-
Total assets	<u>\$ 1,530</u>	<u>\$ 10,471</u>	<u>\$ 10</u>	<u>\$ 1,120</u>	<u>\$ 8,711</u>	<u>\$ 18,613</u>	<u>\$ 19,261</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,698	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,698</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	-	-	-	-	-	-	-
FUND BALANCES							
Restricted	-	-	10	-	6,013	-	-
Committed for:							
Educational purposes	-	10,471	-	-	-	-	19,261
Other purposes	1,530	-	-	1,120	-	18,613	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,530</u>	<u>10,471</u>	<u>10</u>	<u>1,120</u>	<u>6,013</u>	<u>18,613</u>	<u>19,261</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 1,530</u>	<u>\$ 10,471</u>	<u>\$ 10</u>	<u>\$ 1,120</u>	<u>\$ 8,711</u>	<u>\$ 18,613</u>	<u>\$ 19,261</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2017

	Emergency Fund	BOE Nonlapsing Fund	Fournier-Roy Youth Fund	State Grants Fund	Sewer Reserve Fund	Emergency Fuel Fund	Sewer Use Fund
ASSETS							
Cash and cash equivalents	\$ 1,650	\$ -	\$ 9,369	\$ -	\$ -	\$ 24,156	\$ -
Receivables:							
Grants and contracts	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	125,477
Due from other funds	-	75,000	-	16,641	148,476	-	5,628
Total assets	<u>\$ 1,650</u>	<u>\$ 75,000</u>	<u>\$ 9,369</u>	<u>\$ 16,641</u>	<u>\$ 148,476</u>	<u>\$ 24,156</u>	<u>\$ 131,105</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,217
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,217</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	-	-	-	-	-	-	125,477
FUND BALANCES							
Restricted	-	-	-	16,641	-	-	-
Committed for:							
Educational purposes	-	75,000	-	-	-	-	-
Other purposes	1,650	-	9,369	-	148,476	24,156	-
Unassigned	-	-	-	-	-	-	(16,589)
Total fund balances	<u>1,650</u>	<u>75,000</u>	<u>9,369</u>	<u>16,641</u>	<u>148,476</u>	<u>24,156</u>	<u>(16,589)</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ 1,650</u>	<u>\$ 75,000</u>	<u>\$ 9,369</u>	<u>\$ 16,641</u>	<u>\$ 148,476</u>	<u>\$ 24,156</u>	<u>\$ 131,105</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2017

	Police Cadet Academy Fund	Summer Concert Fund	Town Clerk Fund	Recreation Center Fund	Seymour Cemetery Fund	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 7,454	\$ -	\$ 4,392	\$ -	\$ 209,595
Receivables:						
Grants and contracts	-	-	-	-	-	5,340
Other	-	-	-	-	-	125,477
Due from other funds	-	-	3,943	-	14,407	311,340
Total assets	<u>\$ -</u>	<u>\$ 7,454</u>	<u>\$ 3,943</u>	<u>\$ 4,392</u>	<u>\$ 14,407</u>	<u>\$ 651,752</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,031
Due to other funds	-	-	-	-	-	14,845
Unearned revenue	-	-	-	-	-	18,732
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,608</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	-	-	-	-	125,477
FUND BALANCES						
Restricted	-	-	3,943	-	14,407	71,134
Committed for:						
Educational purposes	-	-	-	-	-	104,732
Other purposes	-	7,454	-	4,392	-	297,390
Unassigned	-	-	-	-	-	(16,589)
Total fund balances	<u>-</u>	<u>7,454</u>	<u>3,943</u>	<u>4,392</u>	<u>14,407</u>	<u>456,667</u>
Total liabilities and fund balances and deferred inflows of resources	<u>\$ -</u>	<u>\$ 7,454</u>	<u>\$ 3,943</u>	<u>\$ 4,392</u>	<u>\$ 14,407</u>	<u>\$ 651,752</u>

See accompanying Independent Auditor's Report.

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

	Town Aid Roads Fund	Dog Fund	Educational Grants Fund	Milk Fund	Parks & Recreation Fund	Open Space Fund
REVENUES						
Intergovernmental	\$ 202,110	\$ -	\$ 287,394	\$ 9,996	\$ -	\$ -
Charges for services	-	2,538	-	7,990	92,196	6,786
Interest income	238	153	-	-	6	110
Other	-	-	-	-	-	-
Total revenues	<u>202,348</u>	<u>2,691</u>	<u>287,394</u>	<u>17,986</u>	<u>92,202</u>	<u>6,896</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Culture and recreation	-	572	-	-	102,542	27,000
Public safety	-	-	-	-	-	-
Public works	241,852	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Education	-	-	293,663	16,649	-	-
Total expenditures	<u>241,852</u>	<u>572</u>	<u>293,663</u>	<u>16,649</u>	<u>102,542</u>	<u>27,000</u>
Excess (deficiency) of revenues over expenditures	(39,504)	2,119	(6,269)	1,337	(10,340)	(20,104)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Net change in fund balances	(39,504)	2,119	(6,269)	1,337	(10,340)	(20,104)
Fund balances - beginning, as originally reported	39,504	20,385	6,269	6,279	79,298	31,776
Adjustment (see Note 13)	-	-	-	-	-	-
Fund balances - beginning, as adjusted	<u>39,504</u>	<u>20,385</u>	<u>6,269</u>	<u>6,279</u>	<u>79,298</u>	<u>31,776</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 22,504</u>	<u>\$ -</u>	<u>\$ 7,616</u>	<u>\$ 68,958</u>	<u>\$ 11,672</u>

(Continued)

See accompanying Independent Auditor's Report.

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

	Halloween Party Fund	High School Food Store Fund	Small Cities Fund	Community Center Fund	Document Restoration Fund	Seniors Fund	Rockbestos Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 4,500	\$ -	\$ 4,000	\$ -	\$ -
Charges for services	-	8,318	-	-	825	10,555	-
Interest income	-	12	-	-	69	-	-
Other	2,300	-	-	-	-	-	7,500
Total revenues	<u>2,300</u>	<u>8,330</u>	<u>4,500</u>	<u>-</u>	<u>4,894</u>	<u>10,555</u>	<u>7,500</u>
EXPENDITURES							
Current:							
General government	-	-	4,500	-	-	-	-
Culture and recreation	2,172	-	-	-	5,194	10,129	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Education	-	9,445	-	-	-	-	1,063
Total expenditures	<u>2,172</u>	<u>9,445</u>	<u>4,500</u>	<u>-</u>	<u>5,194</u>	<u>10,129</u>	<u>1,063</u>
Excess (deficiency) of revenues over expenditures	128	(1,115)	-	-	(300)	426	6,437
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Net change in fund balances	128	(1,115)	-	-	(300)	426	6,437
Fund balances - beginning, as originally reported	1,402	11,586	10	1,120	6,313	18,187	12,824
Adjustment <i>(see Note 13)</i>	-	-	-	-	-	-	-
Fund balances - beginning, as adjusted	<u>1,402</u>	<u>11,586</u>	<u>10</u>	<u>1,120</u>	<u>6,313</u>	<u>18,187</u>	<u>12,824</u>
Fund balances - ending	<u>\$ 1,530</u>	<u>\$ 10,471</u>	<u>\$ 10</u>	<u>\$ 1,120</u>	<u>\$ 6,013</u>	<u>\$ 18,613</u>	<u>\$ 19,261</u>

(Continued)

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2017

	Emergency Fund	BOE Nonlapsing Fund	Fournier Roy Youth Fund	State Grants Fund	Sewer Reserve Fund	Emergency Fuel Fund	Sewer Use Fund
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 20,176	\$ 7,102	\$ -	\$ -	\$ -
Charges for services	3,843	-	-	-	-	-	277,024
Interest income	-	-	11	-	987	-	15,246
Other	11,695	-	161	-	-	16,170	-
Total revenues	<u>15,538</u>	<u>-</u>	<u>20,348</u>	<u>7,102</u>	<u>987</u>	<u>16,170</u>	<u>292,270</u>
EXPENDITURES							
Current:							
General government	11,445	-	-	-	-	12,156	-
Culture and recreation	4,193	-	22,603	-	-	-	-
Public safety	-	-	-	2,279	-	-	-
Public works	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	297,891
Education	-	-	-	-	-	-	-
Total expenditures	<u>15,638</u>	<u>-</u>	<u>22,603</u>	<u>2,279</u>	<u>-</u>	<u>12,156</u>	<u>297,891</u>
Excess (deficiency) of revenues over expenditures	(100)	-	(2,255)	4,823	987	4,014	(5,621)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	4,690	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Net change in fund balances	<u>(100)</u>	<u>-</u>	<u>2,435</u>	<u>4,823</u>	<u>987</u>	<u>4,014</u>	<u>(5,621)</u>
Fund balances - beginning, as originally reported	1,750	75,000	6,934	11,818	147,489	20,142	110,689
Adjustment (see Note 13)	-	-	-	-	-	-	(121,657)
Fund balances - beginning, as adjusted	<u>1,750</u>	<u>75,000</u>	<u>6,934</u>	<u>11,818</u>	<u>147,489</u>	<u>20,142</u>	<u>(10,968)</u>
Fund balances - ending	<u>\$ 1,650</u>	<u>\$ 75,000</u>	<u>\$ 9,369</u>	<u>\$ 16,641</u>	<u>\$ 148,476</u>	<u>\$ 24,156</u>	<u>\$ (16,589)</u>

(Continued)

See accompanying Independent Auditor's Report.

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

	Police Cadet Academy Fund	Summer Concert Fund	Town Clerk Fund	Recreation Center Fund	Seymour Cemetery Fund	Total Nonmajor Special Revenue Funds
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535,278
Charges for services	-	-	1,210	5,205	-	416,490
Interest income	-	-	23	3	-	16,858
Other	-	4,400	-	-	4,407	46,633
Total revenues	<u>-</u>	<u>4,400</u>	<u>1,233</u>	<u>5,208</u>	<u>4,407</u>	<u>1,015,259</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	3,892	31,993
Culture and recreation	-	3,779	-	2,993	-	181,177
Public safety	-	-	-	-	-	2,279
Public works	-	-	-	-	-	241,852
Sanitation	-	-	-	-	-	297,891
Education	-	-	-	-	-	320,820
Total expenditures	<u>-</u>	<u>3,779</u>	<u>-</u>	<u>2,993</u>	<u>3,892</u>	<u>1,076,012</u>
Excess (deficiency) of revenues over expenditures	-	621	1,233	2,215	515	(60,753)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	4,690
Transfers out	(4,690)	-	-	-	-	(4,690)
	<u>(4,690)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,690)	621	1,233	2,215	515	(60,753)
Fund balances - beginning, as originally reported	4,690	6,833	2,710	2,177	13,892	639,077
Adjustment <i>(see Note 13)</i>	-	-	-	-	-	(121,657)
Fund balances - beginning, as adjusted	<u>4,690</u>	<u>6,833</u>	<u>2,710</u>	<u>2,177</u>	<u>13,892</u>	<u>517,420</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 7,454</u>	<u>\$ 3,943</u>	<u>\$ 4,392</u>	<u>\$ 14,407</u>	<u>\$ 456,667</u>

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2017

	Elementary Schools Renovation Fund	Floydville Bridge Fund	Greenway Project Fund	Eversource LED Light Project	Total Nonmajor Capital Projects Funds
ASSETS					
Due from other funds	\$ 238,397	\$ -	\$ 6,052	\$ -	\$ 244,449
FUND BALANCES					
Committed for capital purposes	\$ 238,397	\$ -	\$ 6,052	\$ -	\$ 244,449

See accompanying Independent Auditor's Report.

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

	Elementary Schools Renovation Fund	Floydville Bridge Fund	Greenway Project Fund	Eversource LED Light Project	Total Nonmajor Capital Projects Funds
REVENUES					
Intergovernmental	\$ -	\$ 50,379	\$ -	\$ -	\$ 50,379
Other	-	-	-	36,112	36,112
Total revenues	<u>-</u>	<u>50,379</u>	<u>-</u>	<u>36,112</u>	<u>86,491</u>
EXPENDITURES					
Capital outlays	17,966	-	-	129,415	147,381
Total expenditures	<u>17,966</u>	<u>-</u>	<u>-</u>	<u>129,415</u>	<u>147,381</u>
Excess (deficiency) of revenues over expenditures	(17,966)	50,379	-	(93,303)	(60,890)
OTHER FINANCING SOURCES					
Proceeds from loan	-	-	-	93,303	93,303
Transfers in	-	41,661	-	-	41,661
Total other financing sources	<u>-</u>	<u>41,661</u>	<u>-</u>	<u>93,303</u>	<u>134,964</u>
Net change in fund balances	(17,966)	92,040	-	-	74,074
Fund balances - beginning	256,363	(92,040)	6,052	-	170,375
Fund balances - ending	<u>\$ 238,397</u>	<u>\$ -</u>	<u>\$ 6,052</u>	<u>\$ -</u>	<u>\$ 244,449</u>

See accompanying Independent Auditor's Report.

FIDUCIARY FUNDS

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 JUNE 30, 2017

	<u>Town Employees' Plan</u>	<u>Board of Education Employees' Plan</u>	<u>Total Pension Trust Funds</u>
ASSETS			
Investments	\$ 1,629,178	\$ 1,010,518	\$ 2,639,696
NET POSITION			
Held in trust for pension benefits	<u>\$ 1,629,178</u>	<u>\$ 1,010,518</u>	<u>\$ 2,639,696</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
 PENSION TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

	Town Employees' Plan	Board of Education Employees' Plan	Total Pension Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 69,234	\$ 37,279	\$ 106,513
Plan members	43,106	42,543	85,649
Total contributions	<u>112,340</u>	<u>79,822</u>	<u>192,162</u>
Investment earnings:			
Interest and dividends	45,645	29,187	74,832
Net change in the fair value of investment	81,237	80,558	161,795
Net investment earnings	<u>126,882</u>	<u>109,745</u>	<u>236,627</u>
Total additions	239,222	189,567	428,789
DEDUCTIONS			
Benefit payments	-	6,628	6,628
Administrative expenses	-	150	150
Total deductions	<u>-</u>	<u>6,778</u>	<u>6,778</u>
Change in net position	239,222	182,789	422,011
Net Position Held in Trust for			
Pension Benefits:			
Beginning, as originally reported	1,586,553	1,126,251	2,712,804
Adjustment (<i>See Note 13</i>)	<u>(196,597)</u>	<u>(298,522)</u>	<u>(495,119)</u>
Beginning, as adjusted	<u>1,389,956</u>	<u>827,729</u>	<u>2,217,685</u>
Ending	<u>\$ 1,629,178</u>	<u>\$ 1,010,518</u>	<u>\$ 2,639,696</u>

The accompanying notes are an integral part of these financial statements .

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES - AGENCY FUNDS
JUNE 30, 2017

	Student Activities Fund	Performance Bonds Fund	Flexible Spending Fund	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 153,829	\$ 17,700	\$ 7,214	\$ 178,743
Total assets	\$ 153,829	\$ 17,700	\$ 7,214	\$ 178,743
LIABILITIES				
Due to others	\$ 153,829	\$ 17,700	\$ 7,214	\$ 178,743
Total liabilities	\$ 153,829	\$ 17,700	\$ 7,214	\$ 178,743

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES -
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30, 2017</u>
Student Activities Fund				
Assets				
Cash and cash equivalents	\$ 140,648	\$ 330,405	\$ 317,224	\$ 153,829
Liabilities				
Due to others	\$ 140,648	\$ 330,405	\$ 317,224	\$ 153,829
Performance Bonds Fund				
Assets				
Cash and cash equivalents	\$ 9,681	\$ 13,200	\$ 5,181	\$ 17,700
Liabilities				
Due to others	\$ 9,681	\$ 13,200	\$ 5,181	\$ 17,700
Flexible Spending Fund				
Assets				
Cash and cash equivalents	\$ 8,971	\$ 31,342	\$ 33,099	\$ 7,214
Liabilities				
Due to others	\$ 8,971	\$ 31,342	\$ 33,099	\$ 7,214
Total All Agency Funds				
Assets				
Cash and cash equivalents	\$ 159,300	\$ 374,947	\$ 355,504	\$ 178,743
Liabilities				
Due to others	\$ 159,300	\$ 374,947	\$ 355,504	\$ 178,743

See accompanying Independent Auditor's Report.

TOWN OF EAST GRANBY, CONNECTICUT

STATE SINGLE AUDIT REPORTS

JUNE 30, 2017

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INTERNAL CONTROL AND COMPLIANCE REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Finance of the
Town of East Granby, Connecticut

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of East Granby, Connecticut (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 11, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 11, 2017

STATE SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONNECTICUT STATE SINGLE AUDIT ACT,
AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

To the Board of Finance of the
Town of East Granby, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of East Granby, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management's *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2017. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town of East Granby, Connecticut complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated December 11, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the Connecticut State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 11, 2017

**TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2017**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
NONEXEMPT PROGRAMS:		
OFFICE OF POLICY AND MANAGEMENT		
Direct:		
Municipal Grants-In-Aid	12052-OPM20600-43587	\$ 427,537
PILOT on Exempt Property of Manufacturing Facilities in Distressed Municipalities	11000-OPM20600-17016	40,321
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	20,081
Property Tax Relief for Veterans	11000-OPM20600-17024	3,469
Property Tax Relief on Property of Persons	11000-OPM20600-17011	220
Total Office of Policy and Management		<u>491,628</u>
DEPARTMENT OF EDUCATION		
Direct:		
Open Choice	11000-SDE64370-17053	595,047
Passed through the Capital Region Education Council:		
Open Choice	11000-SDE64370-17053	17,978
Total Open Choice		<u>613,025</u>
Direct:		
Open Choice - Academic, Student & Social Support	11000-SDE64370-12457	47,525
Youth Services Bureau	11000-SDE64370-17052	14,000
Youth Services Bureau Enhancement	11000-SDE64370-16201	3,300
Adult Education	11000-SDE64370-17030	1,569
Total Department of Education		<u>679,419</u>
CONNECTICUT JUDICIAL BRANCH		
Direct:		
Judicial Non-Budgeted Operating	34001-JUD95162-40001	1,313
CONNECTICUT STATE LIBRARY		
Direct:		
Historic Document Preservation	12060-CSL66094-35150	4,000
DEPARTMENT OF TRANSPORTATION		
Direct:		
Town Aid Road Grant	12052-DOT57131-43455	202,110
Total State Financial Assistance Before Exempt Programs		<u>1,991,495</u>
		<i>(Continued)</i>

The accompanying note is an integral part of this schedule.

TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE (Continued)
YEAR ENDED JUNE 30, 2017

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
EXEMPT PROGRAMS:		
DEPARTMENT OF EDUCATION		
Direct:		
Education Cost Sharing	11000-SDE64370-17041	\$ 1,427,087
Excess Cost Student Based	11000-SDE64370-17047	155,390
Total Department of Education		<u>1,582,477</u>
OFFICE OF POLICY AND MANAGEMENT		
Direct:		
Municipal Revenue Sharing	12002-OPM20600-17102	115,696
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	15,434
Total Office of Policy and Management		<u>131,130</u>
Total Exempt Programs		<u>1,713,607</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u><u>\$ 3,705,102</u></u>

The accompanying note is an integral part of this schedule.

**TOWN OF EAST GRANBY, CONNECTICUT
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of East Granby, Connecticut (the "Town") through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**TOWN OF EAST GRANBY, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		Unmodified		
Internal control over financial reporting:				
<input type="radio"/> Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	No None Reported
<input type="radio"/> Significant deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <input checked="" type="checkbox"/>	No

State Financial Assistance

Internal control over major programs:				
<input type="radio"/> Material weakness(es) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	No None Reported
<input type="radio"/> Significant deficiency(ies) identified?	_____	Yes	_____ <input checked="" type="checkbox"/>	Reported
Type of auditor's report issued on compliance for major programs:				
			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	_____	Yes	_____ <input checked="" type="checkbox"/>	No

The following schedule reflects the major programs included in the audit:

State Grantor/Program	State Grant Program Core-CT Number	Expenditures
Department of Education:		
Open Choice	11000-SDE64370-17053	\$ 613,025
Office of Policy and Management:		
Municipal Grants-in-Aid	12052-OPM20600-43587	427,537

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

II. FINANCIAL STATEMENT FINDINGS

No findings were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings were reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No findings were reported in the prior year.

TOWN OF EAST GRANBY, CONNECTICUT

**COMMUNICATION OF
INTERNAL CONTROL RELATED MATTERS**

JUNE 30, 2017

To the Board of Finance
and Management of the
Town of East Granby, Connecticut

In connection with our audit of the financial statements of the Town of East Granby, Connecticut (the “Town”), as of June 30, 2017 and for the year then ended, auditing standards generally accepted in the United States of America (“US GAAS”) require that we advise management and the Board of Finance (hereinafter referred to as “those charged with governance”) of certain internal control matters identified during our audit.

Our responsibilities

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as “internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we express no such opinion on internal control effectiveness.

Deficiencies in internal control

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance.

Our consideration of the Town’s internal control was for the limited purpose described above and was not designed to identify all deficiencies, significant deficiencies or material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of the following matters in internal control that are opportunities for strengthening the Town’s internal controls and operating efficiencies:

Evaluation of Current Accounting System

During our audit, we noted that the current accounting system used by the Town to perform procurement and general ledger accounting activities was acquired several years ago. The use of an outdated accounting system could result in inefficiencies in the processing and reporting of financial information in addition to increasing security risks. Industry trends have produced more sophisticated systems designed toward reducing redundancy, increasing efficiency, and improving data quality and integrity.

We recommend that management conduct an evaluation of its existing accounting system in order to determine whether or not implementing a new accounting system would improve the Town's overall internal control structure and financial reporting processes.

Maintaining Funds in an Accounting System

During our audit, we noted that the majority of the Town's governmental funds are not currently being maintained in an accounting system. In addition, we noted that only expenditures for the Board of Education's grants fund are being maintained in an accounting system. GAAP requires that governmental funds be accounted for and reported on the modified-accrual basis of accounting. In addition, relevant and reliable information regarding assets, liabilities and the activities of each fund are important for allowing management to make informed decisions.

Although there is typically minimum activity within these funds, we recommend that the assets, liabilities, revenues and expenditures for these funds be maintained in an accounting system.

Fraud Risk Assessment

During our audit, we noted that the Town has not performed a formal fraud risk assessment process. A fraud risk assessment process is an important process that can be used by an organization to systematically identify where and how fraud may occur and who may be in a position to commit fraud. The process is used to identify fraud risk schemes as well as respective controls that may prevent or detect these schemes. The benefits of a planned and properly executed fraud risk assessment process includes identifying specific instances of fraud within the organization early, allowing the organization to address and detect fraud risks proactively rather than reactively and deterring potential fraud through its existence and communication to employees.

We recommend that the Town consider performing a formal fraud risk assessment process.

Cybersecurity Risk Assessment

During the audit, we noted that the Town does not have formalized information technology security policies and procedures that specifically address cybersecurity risks. Cybersecurity risks relate to gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Potential negative consequences may include, but are not limited to, remediation costs for repairing system damage that may have been caused, loss of sensitive or critical data, litigation, delays in providing services, and reputational damage.

We recommend that the Town consider developing a plan that adequately addresses the increased risks related to cybersecurity. Consideration should be given to training employees and engaging consultants to perform an information technology vulnerability assessment.

We appreciate the courtesies extended to us by the management and staff of the Town, and would be happy to discuss the above matters further at your request.

This communication is intended solely for the information and use of the Board of Finance and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 11, 2017