

**TOWN OF BRANFORD, CONNECTICUT**

**JUNE 30, 2007**

# TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2007

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## Independent Auditors' Report

Board of Finance  
Town of Branford  
Branford, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2008 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 44 through 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

February 1, 2008

## **TOWN OF BRANFORD, CONNECTICUT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007**

This discussion and analysis of the Town of Branford, Connecticut's (Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2007. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

#### **FINANCIAL HIGHLIGHTS**

- Net assets of our governmental activities increased by \$4,554, or 4.3%.
- During the year, the Town had expenses that were \$4,554 less than the \$92,272 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$87,718 with no new programs added this year.
- The General Fund reported a fund balance this year of \$16,615.
- The resources available for appropriation were \$2,332 more than budgeted for the General Fund. Expenditures were kept within spending limits.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### ***Government-Wide Financial Statements***

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

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

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

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

### ***Fund Financial Statements***

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net assets increased from a year ago, increasing from \$73,328 to \$109,916. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

	<b>Governmental Activities</b>	
	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 41,192	\$ 42,645
Capital assets	134,085	100,960
Total assets	<u>175,277</u>	<u>143,605</u>
Long-term debt outstanding	5,879	58,647
Other liabilities	59,482	11,630
Total liabilities	<u>65,361</u>	<u>70,277</u>
Net assets:		
Invested in capital assets net of debt	80,924*	44,011
Restricted	262	239
Unrestricted	<u>28,730</u>	<u>29,078</u>
Total Net Assets	<u>\$ 109,916</u>	<u>\$ 73,328</u>

Branford experienced an increase in net assets of its governmental activities of 4.3% as compared to the prior year. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$29,078 at June 30, 2006 to \$28,730 at the end of this year.

The change in unrestricted governmental net assets was primarily due to increases in the Town’s cash position generated by positive results of operations and investments in capital assets. The net assets invested in capital assets, net of debt increased from \$44,011 to \$80,924. The Town implemented the provisions of GASB Statement No. 34 related to infrastructure reporting this year. Net assets invested in capital assets, net of related debt as of July 1, 2006 was increased by \$32,033. See \* above. Additionally, there were significant capital asset acquisitions during the year. Examples include acquisitions of rolling stock, voting machines, replacement of artificial turf at the high school and open space acquisitions. In FY 2007, \$5.6 million was transferred from construction in progress to buildings, equipment and infrastructure for upgrades to the Cedar and Maple Street pump stations.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<u>2007</u>	<u>2006</u>
Revenues:		
Program revenues:		
Charges for services	\$ 6,568	\$ 7,327
Operating grants and contributions	9,595	8,343
Capital grants and contributions	113	2,787
General revenues:		
Property taxes	72,042	68,744
Grants and contributions not restricted to specific purposes	1,472	1,371
Unrestricted investment earnings	2,138	1,606
Other general revenues	344	68
Total revenues	<u>92,272</u>	<u>90,246</u>
Program expenses:		
General government	4,722	4,772
Public safety	9,196	8,763
Public works and highway	10,541	8,559
Parks, recreation and libraries	2,363	2,320
Health and human services	2,502	1,902
Education	50,314	48,329
Pension and insurance	6,150	6,061
Interest debt service	1,930	2,161
Total program expenses	<u>87,718</u>	<u>82,867</u>
Increase in net assets	\$ <u>4,554</u>	\$ <u>7,379</u>

The Town's total revenues were \$92,272. The total cost of all programs and services was \$87,718. Our analysis which follows considers the operations of governmental activities.

**Governmental Activities**

The General Fund contributed significantly to the Town’s overall increase in net assets. Total revenues were \$2,332 higher than budgeted. Of this amount, \$1,268 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$864. Charges for services produced revenues that exceeded the budget by \$343. The Town Clerk’s Office continued to experience heavy activity in the number of deeds recorded. In addition, the Town conservatively anticipated Town Clerk conveyance fees resulting in an increase of \$161 over budget. Increased activity related to the disposal of septage, North Branford sewer fees, building permit activity and added investment income due to higher short term rates also positively influenced this category and offset shortfalls from declines in solid waste and police extra duty activity.

Expenditures were \$2,009 less than anticipated. The primary factors contributing to the expenditure balance relate to a decline in legal fees, solid waste and police extra duty activity coupled with positive developments relating to insurance renewals, which are generally determined after the budget is adopted. In addition, Board of Education expenditures were slightly less than budgeted. Finally, vacancies in various departments produced savings in direct wages and pension costs.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
General government	\$ 4,722	\$ 4,772	\$ 3,283	\$ 2,864
Public safety	9,196	8,763	7,510	6,640
Public works and highway	10,541	8,559	8,742	5,705
Education	50,314	48,329	41,478	39,753
Pension and insurance	6,150	6,061	5,780	5,732

**TOWN FUNDS FINANCIAL ANALYSIS**

**Governmental Funds**

As the Town completed the year, its governmental funds (as presented in the balance sheet - Exhibit III) reported a combined fund balance of \$23,205, which is an increase from last year’s total of \$18,772. Included in this year’s total change in fund balance is an increase of \$1.6 in the Town’s General Fund. The primary reasons for the General Fund’s increase are reflected in the governmental activities analysis highlighted above. The remaining increases in fund balances are outlined as follows: \$1.5 from capital funds and \$1.3 in the other governmental funds which includes contributions to various reserve funds.

**General Fund Budgetary Highlights**

The Town’s general fund expenditures plus encumbrances totaled \$82,061. Unexpended appropriations in public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$2,009. During the year, the Town was able to appropriate an additional \$855 to fund various pay-as-you-go capital projects. Revenues totaled \$83,395 and as stated earlier this amount reflects strong tax collections and charges for services.

The Town’s General Fund balance of \$16,615 reported on Exhibit III differs from the General Fund’s budgetary fund balance of \$16,239. This is principally because budgetary fund balance does not include \$376 of prepaid items and outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2007, the Town had \$134,085 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$2,708 or 2.7%, over last year.

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

	<b>Governmental Activities</b>	
	<u>2007</u>	<u>2006</u>
Land	\$ 12,712	\$ 8,961
Land improvements	773	441
Buildings	76,930	76,442
Machinery and equipment	9,053	8,841
Construction in progress	953	6,115
Infrastructure	<u>33,664</u>	<u>160</u>
Totals	<u>\$ 134,085</u>	<u>\$ 100,960</u>

The Town has implemented the provisions of the GASB Statement No. 34 which require the reporting of infrastructure assets acquired prior to July 1, 2002. The effect of the change was to increase net infrastructure assets by \$32,033 at July 1, 2006.

The Town's fiscal-year 2007-08 budget as adopted does not contemplate any major additions to capital assets. However, the Town anticipates authorizing bonds during the 2007-08 fiscal year for litigation associated with the Tabor Drive acquisition and for improvements to Blackstone Library. In addition, expenditures for improvements to the wastewater collection system will move from the construction in progress category to the building, equipment and infrastructure categories. More detailed information about the Town's capital assets is presented in Note 1 and Note 6 to the financial statements.

### ***Long-Term Debt***

At June 30, 2007, the Town had \$52,449 in bonds and notes outstanding versus \$51,285 last year - an increase of \$1,164 or 2.3%. The Town issued \$6.163 million in project loan obligations through the State of Connecticut Clean Water Fund to retire interim financing obligations issued for sewer improvements.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, increased from Aa3 to Aa2, and represents the second rating increase from Moody's since 2001. The Town's rating from Standard & Poor's remained AA+ after an increase in FY 2005. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$509 million.

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 8 to the financial statements.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town's elected and appointed officials considered many factors when adopting the fiscal-year 2007-2008 budget and corresponding tax rates. The Branford economy compared favorably to the State and the region as measured by a current unemployment rate of 4.1%. This compares favorably to a State rate of 4.8% and a national rate of 4.5%. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the uncertainty with regard to State assistance and a continued shift in the tax burden to residential property owners exacerbated by the past revaluations, increasing energy costs and tax appeals. Town officials were also acutely aware that for the first time many property owners would receive sewer use bills issued to finance the operations of the wastewater treatment system. Faced with these challenges, Town officials felt compelled to constrain the increase in the Town's tax requirements. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, Branford adopted a General Fund budget of \$85,076 for 2007-2008 which represents an increase of \$1 million or 1.2% as compared to the 2006-2007 amended budget. The small decrease partially reflects the fact that expenditures previously associated with the operation of the wastewater system were moved into a special revenue fund. Increased property taxes (benefiting from the 2007 tax rate increases and increases in assessed valuations) of \$2,574 will offset a portion of this amount and offset other revenue reductions. The budget also appropriates \$2 million from fund balance.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

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

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2007

	<b>Governmental Activities</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 29,416,698
Investments	164,602
Receivables, net	11,438,492
Inventory	8,998
Prepaid items	163,566
Capital assets not being depreciated	13,664,456
Capital assets being depreciated, net of accumulated depreciation	120,420,604
Total assets	<u>175,277,416</u>
Liabilities:	
Accounts and other payables	3,289,249
Unearned revenue	2,029,274
Clean Water notes	160,206
Other	401,105
Noncurrent liabilities:	
Due within one year	6,637,202
Due in more than one year	52,844,321
Total liabilities	<u>65,361,357</u>
Net Assets:	
Invested in capital assets, net of related debt	80,923,813
Restricted for Trusts:	
Expendable	166,397
Nonexpendable	95,420
Unrestricted	<u>28,730,429</u>
Total Net Assets	<u>\$ 109,916,059</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 4,722,345	\$ 1,367,290	\$ 29,564	\$ 42,889	\$ (3,282,602)
Public safety	9,196,573	1,497,863	188,984		(7,509,726)
Public works and highway	10,540,970	1,006,507	792,620		(8,741,843)
Parks, recreation and libraries	2,362,794	339,613	84,338		(1,938,843)
Health and human services	2,501,703	430,830	1,083,508		(987,365)
Education	50,313,901	1,556,790	7,208,557	70,436	(41,478,118)
Pension and insurance	6,149,888	369,401			(5,780,487)
Interest and debt service	1,929,785		207,321		(1,722,464)
Total	<u>\$ 87,717,959</u>	<u>\$ 6,568,294</u>	<u>\$ 9,594,892</u>	<u>\$ 113,325</u>	<u>(71,441,448)</u>
General revenues:					
Property taxes					72,042,391
Grants and contributions not restricted to specific programs					1,472,241
Unrestricted investment earnings					2,138,172
Miscellaneous					343,294
Total general revenues					<u>75,996,098</u>
Change in net assets					4,554,650
Net Assets at Beginning of Year, as restated					<u>105,361,409</u>
Net Assets at End of Year					<u>\$ 109,916,059</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,169,391	\$ 1,535,804	\$ 1,186,104	\$ 5,285,947	\$ 27,177,246
Investments				164,602	164,602
Receivables, net	9,118,326	5,257	1,223,736	913,010	11,260,329
Due from other funds	2,768,112	2,618,619		470,095	5,856,826
Inventories				8,998	8,998
Prepaid items	27,685				27,685
Total Assets	<u>\$ 31,083,514</u>	<u>\$ 4,159,680</u>	<u>\$ 2,409,840</u>	<u>\$ 6,842,652</u>	<u>\$ 44,495,686</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 1,655,324	\$ 880,323	\$ 202	\$ 517,068	\$ 3,052,917
Due to other funds	2,618,714	3,156,008		82,104	5,856,826
Deferred revenue	9,793,367		1,223,736	802,449	11,819,552
Clean water notes		160,206			160,206
Other	401,105				401,105
Total liabilities	<u>14,468,510</u>	<u>4,196,537</u>	<u>1,223,938</u>	<u>1,401,621</u>	<u>21,290,606</u>
Fund balances:					
Reserved	376,475	2,245,435		104,418	2,726,328
Unreserved, reported in:					
General Fund	16,238,529				16,238,529
Special Revenue Funds			1,185,902	5,170,216	6,356,118
Capital Project Funds		(2,282,292)			(2,282,292)
Permanent Funds				166,397	166,397
Total fund balances	<u>16,615,004</u>	<u>(36,857)</u>	<u>1,185,902</u>	<u>5,441,031</u>	<u>23,205,080</u>
Total Liabilities and Fund Balances	<u>\$ 31,083,514</u>	<u>\$ 4,159,680</u>	<u>\$ 2,409,840</u>	<u>\$ 6,842,652</u>	
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					134,085,060
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					9,926,159
Internal service funds are used by management to charge the costs of risk management to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.					1,506,778
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					<u>(58,807,018)</u>
Net Assets of Governmental Activities (Exhibit I)					<u>\$ 109,916,059</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	General	Capital Projects	Sewer Assessment	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 72,110,546	\$	\$	\$	\$ 72,110,546
Assessments and interest			360,131	58,708	418,839
Intergovernmental	6,989,557	70,435		3,955,108	11,015,100
Charges for services	4,398,540		55,398	1,983,149	6,437,087
Income on investments	1,781,077	33,653		231,254	2,045,984
Miscellaneous	1,082,932	220	25	151,815	1,234,992
Total revenues	<u>86,362,652</u>	<u>104,308</u>	<u>415,554</u>	<u>6,380,034</u>	<u>93,262,548</u>
Expenditures:					
Current:					
General government	3,884,242			190,219	4,074,461
Public safety	8,550,526			167,236	8,717,762
Public works and highway	6,692,765		8,084	73,822	6,774,671
Parks, recreation and libraries	1,912,068			332,841	2,244,909
Health and human services	1,427,591			1,095,749	2,523,340
Education	45,013,856			4,055,080	49,068,936
Pension and insurance	6,914,717			54,928	6,969,645
Capital outlay		7,713,907			7,713,907
Debt service	6,662,436		242,867		6,905,303
Total expenditures	<u>81,058,201</u>	<u>7,713,907</u>	<u>250,951</u>	<u>5,969,875</u>	<u>94,992,934</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,304,451</u>	<u>(7,609,599)</u>	<u>164,603</u>	<u>410,159</u>	<u>(1,730,386)</u>
Other Financing Sources (Uses):					
Transfers in	100,000	3,198,200		890,890	4,189,090
Transfers out	(3,854,090)	(235,000)	(100,000)		(4,189,090)
Proceeds from bonds		6,163,287			6,163,287
Total other financing sources (uses)	<u>(3,754,090)</u>	<u>9,126,487</u>	<u>(100,000)</u>	<u>890,890</u>	<u>6,163,287</u>
Net Change in Fund Balances	1,550,361	1,516,888	64,603	1,301,049	4,432,901
Fund Balances at Beginning of Year	<u>15,064,643</u>	<u>(1,553,745)</u>	<u>1,121,299</u>	<u>4,139,982</u>	
Fund Balances at End of Year	<u>\$ 16,615,004</u>	<u>\$ (36,857)</u>	<u>\$ 1,185,902</u>	<u>\$ 5,441,031</u>	
Amounts reported for governmental activities in the statement of activities (Exhibit II) are 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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.					1,092,188
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.					(1,082,127)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments.					(762,549)
Internal service funds are used by management to charge the costs of risk management to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities (Exhibit VI).					911,945
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.					<u>(37,708)</u>
Change in Net Assets of Governmental Activities (Exhibit II)					<u>\$ 4,554,650</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2007

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Cash and cash equivalents	\$ 2,239,452
Accounts receivable	<u>178,163</u>
Total assets	<u>2,417,615</u>
Liabilities:	
Accounts and other payables	9,748
Risk management claims	<u>901,089</u>
Total liabilities	<u>910,837</u>
Net Assets:	
Unrestricted	\$ <u><u>1,506,778</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues:	
Contributions for benefits	\$ 3,000,463
Other	585,140
Total contributions	<u>3,585,603</u>
Operating Expenses:	
Benefit claims	2,576,753
Claims administration	189,093
Total operating expenses	<u>2,765,846</u>
Operating Income	819,757
Nonoperating Revenue:	
Income on investments	<u>92,188</u>
Change in Net Assets	911,945
Net Assets at Beginning of Year	<u>594,833</u>
Net Assets at End of Year	<u>\$ 1,506,778</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF BRANFORD, CONNECTICUT**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 3,816,853
Cash payments to providers of benefits and administration	<u>(3,077,364)</u>
Net cash provided by operating activities	739,489
Cash Flows from Investing Activities:	
Income on investments	<u>92,188</u>
Net Increase in Cash and Cash Equivalents	831,677
Cash and Cash Equivalents at Beginning of Year	<u>1,407,775</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,239,452</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 819,757
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	231,250
Increase (decrease) in accounts payable	<u>(311,518)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 739,489</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	<b>Pension Trust Fund</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
Assets:		
Cash and cash equivalents	\$ 329	\$ 1,146,692
Investments	14,204,939	394,469
Accounts receivable	4,634	
	<u>                    </u>	<u>                    </u>
Total assets	14,209,902	\$ <u>1,541,161</u>
Liabilities:		
Due to students and others		\$ 1,529,161
Due to other funds		12,000
	<u>                    </u>	<u>                    </u>
Total liabilities	-	\$ <u>1,541,161</u>
Net Assets:		
Held in Trust for Pension Benefits	\$ <u>14,209,902</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS  
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2007

## Additions:

## Contributions:

Employer	\$ 784,950
Plan members	201,907
Total contributions	<u>986,857</u>

## Investment income:

Net appreciation in fair value of investments	1,302,392
Interest and dividends	<u>468,691</u>

Net investment income	<u>1,771,083</u>
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Total additions	<u>2,757,940</u>
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## Deductions:

Benefits	594,648
Administration	<u>66,073</u>

Total deductions	<u>660,721</u>
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Net Increase	2,097,219
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Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>12,112,683</u>
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Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 14,209,902</u></u>
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The accompanying notes are an integral part of the financial statements

# TOWN OF BRANFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

#### B. Government-Wide and Fund Financial Statements

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

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

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

The various funds included in the financial statements are described below:

#### **Governmental Funds**

Governmental Funds are those through which most governmental functions typically are financed.

The *General Fund* is the primary operating fund of the Town. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property taxes, state and federal grants, licenses, permits, charges for service and interest income.

*Special Revenue Funds* account for revenue derived from specific sources (other than major capital projects) that are restricted by legal and regulatory provisions to finance specific activities.

*Capital Project Funds* account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds.

*Permanent Funds* are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Town's programs.

### **Proprietary Funds**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. The following are the Town's proprietary funds:

*Internal Service Funds* account for the financing of goods or services provided by one department to other departments or agencies of the Town on a cost-reimbursement basis. The Workers' Compensation Fund, the Heart and Hypertension Fund and the Medical Fund are the Town's internal service funds.

### **Fiduciary Funds**

Fiduciary funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations and other governments. Fiduciary funds are not included in the government-wide statements. The fiduciary funds are as follows:

*Pension Trust Fund* accounts for the Branford Retirement System.

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

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

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

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

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

The Town reports the following major governmental funds:

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

The Capital Projects Fund is used to account for the financial resources for the acquisition and construction of major capital facilities.

The Sewer Assessment Fund is used to account for the financial resources related to the sewer assessment projects.

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Deposits and Investments**

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 4.

Investments for the Town are reported at fair value.

## **E. Receivables and Payables**

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

Property taxes are assessed as of October 1 and billed the following July. Property taxes are payable in two installments on July 1 and January 1. Automobile levies and amounts under \$100 are due in one installment. Motor vehicle supplemental bills are payable on January 1. Payments not received within one month after the due date become delinquent, with interest charged at the rate of 1-1/2% per month. Assessments for real and personal property, excluding motor vehicles, are computed at seventy percent of the market value. Unpaid balances at June 30 are liened. An amount of \$513,617 has been established as an allowance for uncollectible taxes. At June 30, 2007 this represents 22.49% of all property taxes receivable.

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

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

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

## **G. Capital Assets**

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

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

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

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

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

#### **H. Compensated Absences**

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

#### **I. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of any significant applicable bond premium or discount. Significant bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### **J. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. The details of this \$58,807,018 difference are as follows:

Bonds payable	\$ 28,860,000
Unamortized deferred charges	(395,665)
Clean Water Fund notes	23,589,364
Accrued interest payable - bonds	200,192
Landfill closure	1,267,500
Compensated absences	4,144,558
Termination benefits	402,794
Capital leases payable	711,883
Accrued interest payable - leases	26,392
	<hr/>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Assets of Governmental Activities	\$ <u>58,807,018</u>

Another element of that reconciliation states that certain long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds. The details of this \$9,926,159 difference are as follows:

Property taxes	\$ 1,499,167
Accrued interest on property taxes	1,044,124
Housing loans	591,373
School building grants	5,376,782
Assessments	1,278,832
Net pension asset	135,881
	<hr/>
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	\$ <u>9,926,159</u>

### B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that 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 details of this \$1,092,188 difference are as follows:

Capital outlay	\$ 5,756,949
Depreciation expense	4,664,761
	<hr/>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	\$ <u>1,092,188</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$762,549 difference are as follows:

Principal repayments:	
Lease payments	\$ 84,814
General obligation debt	3,915,000
Clean Water notes	1,084,165
Termination benefits	402,793
Deferred charges	(86,034)
Bonds issued	<u>(6,163,287)</u>
 Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	 \$ <u><u>(762,549)</u></u>

Another element of that reconciliation states that some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in governmental funds. The details of this \$1,082,127 difference are as follows:

Property tax receivables	\$ (251,465)
Accrued interest receivable	183,310
Housing loans receivable	(54,002)
School Building grants	(804,944)
Assessments	<u>(155,026)</u>
 Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	 \$ <u><u>(1,082,127)</u></u>

### 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations of \$855,000 of this year.

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

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

## **B. Deficit Fund Balance**

The Capital Projects Fund had a deficit fund balance of \$36,857. The deficit will be funded by future transfers, grants or bonding.

## **4. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

## A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2007:

Deposits:		
Demand accounts	\$	2,958,855
Certificates of deposit		7,087,089
Money market accounts		<u>3,988,598</u>
Total deposits		14,034,542
Petty cash accounts		877
Cash equivalents:		
State Tax Exempt Proceeds Fund (TEPF)		1,392
State Short-Term Investment Fund (STIF)		14,627,835
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)		<u>1,899,073</u>
 Total Cash and Cash Equivalents	\$	<u><u>30,563,719</u></u>

### Deposits

At June 30, 2007 the carrying amount of the Town deposits was \$14,034,542 and the bank balance was \$16,373,488.

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2007 bank balance, \$1,215,034 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$1,619,064, based on June 30, 2007 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$13,539,390 was uninsured and uncollateralized.

### Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2007 the Town's cash equivalents amounted to \$16,528,300. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Standard and Poor's</u>	<u>Moody's Investor Service</u>	<u>Fitch Ratings</u>
State Short-Term Investment Fund (STIF)	AAAm		
State Tax Exempt Proceeds Fund*			
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	AA	Aaa	AAA

\*Not rated

## B. Investments

Investments as of June 30, 2007 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Corporate bonds	\$ 3,331,861	5.69
U.S. government obligations	525,594	15.21
Other debt securities	1,913,040	29.02
Other investments:		
Common stock	25,759	
Police Pension Fund and Volunteer Firemen's Pension:		
Open ended mutual funds and exchange traded funds	<u>8,967,756</u>	
Total	<u>\$ 14,764,010</u>	
Portfolio weighted average maturity for interest bearing investments		14.28

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

*Credit Risk - Investments* - As indicated above, State Statutes limit the investment options of cities and towns. The Town has no investment policy that would further limit its investment choices. The following table provides a summary of the Town's investments (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations.

	<u>Fair Value</u>	<u>Standard and Poor's</u>
Corporate bonds	\$ 411,261	AAA
	257,916	AA
	627,305	AA-
	1,240,846	A+
	794,532	A
Other debt securities	1,913,040	AAA

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

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent valued at \$3,883,214 that were not in the Town's name.

## 5. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,044,124	\$	\$	\$	\$ 1,044,124
Taxes	2,283,547				2,283,547
Accounts	796,441			198,128	994,569
Special assessments			1,223,736	55,097	1,278,833
Intergovernmental	5,507,831	5,257		246,575	5,759,663
Loans				591,373	591,373
Pension contribution				4,634	4,634
Gross receivables	9,631,943	5,257	1,223,736	1,095,807	11,956,743
Less: allowance for uncollectibles	(513,617)				(513,617)
Net Total Receivables	<u>\$ 9,118,326</u>	<u>\$ 5,257</u>	<u>\$ 1,223,736</u>	<u>\$ 1,095,807</u>	<u>\$ 11,443,126</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,499,167	\$
Accrued interest	1,044,124	
Special assessments not yet due	1,278,832	
Grant drawdowns and unearned fees		331,859
School building grants	5,376,782	
Housing loans	591,373	
Advance tax collections and over collections		<u>1,697,415</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 9,790,278</u>	<u>\$ 2,029,274</u>

## 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Net Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 8,961,669	\$	\$ 3,750,000	\$	\$ 12,711,669
Construction in progress	<u>6,115,384</u>	<u>(5,677,701)</u>	<u>515,104</u>		<u>952,787</u>
Total capital assets not being depreciated	<u>15,077,053</u>	<u>(5,677,701)</u>	<u>4,265,104</u>	<u>-</u>	<u>13,664,456</u>
Capital assets being depreciated:					
Buildings and improvements	97,040,922	2,025,301	387,071		99,453,294
Improvements other than buildings	891,796	60,726	313,329		1,265,851
Machinery and equipment	18,770,795	621,543	664,545	(476,371)	19,580,512
Infrastructure	<u>80,846,990</u>	<u>2,970,131</u>	<u>126,900</u>		<u>83,944,021</u>
Total capital assets being depreciated	<u>197,550,503</u>	<u>5,677,701</u>	<u>1,491,845</u>	<u>(476,371)</u>	<u>204,243,678</u>
Less accumulated depreciation for:					
Buildings and improvements	20,599,025		1,924,350		22,523,375
Improvements other than buildings	450,582		42,101		492,683
Machinery and equipment	9,930,189		1,073,862	(476,371)	10,527,680
Infrastructure	<u>48,654,888</u>		<u>1,624,448</u>		<u>50,279,336</u>
Total accumulated depreciation	<u>79,634,684</u>	<u>-</u>	<u>4,664,761</u>	<u>(476,371)</u>	<u>83,823,074</u>
Total capital assets being depreciated, net	<u>117,915,819</u>	<u>5,677,701</u>	<u>(3,172,916)</u>	<u>-</u>	<u>120,420,604</u>
Governmental Activities Capital Assets, Net	<u>\$ 132,992,872</u>	<u>\$ -</u>	<u>\$ 1,092,188</u>	<u>\$ -</u>	<u>\$ 134,085,060</u>

The Town has implemented the provisions of GASB Statement 34 which require reporting of infrastructure assets acquired prior to July 1, 2002. The effect of the change was to increase infrastructure assets by \$80,683,277 and accumulated depreciation by \$48,650,089 at July 1, 2006.

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

Governmental activities:	
General government	\$ 120,796
Public safety	427,911
Public works	2,691,303
Parks, recreation and libraries	49,305
Health and welfare	31,194
Education	<u>1,344,252</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,664,761</u>

## Construction Commitments

The Town has active construction projects as of June 30, 2007. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Stony Creek Pier	\$ 400,000	\$ 400,100	\$	\$ (100)
High School Renovations	26,577,000	26,554,022		22,978
Trolley Trail	51,329	49,002		2,327
Ambulance Fund	606,960	501,391		105,569
Fire Apparatus Fund	1,891,580	1,675,544		216,036
Town Hall Renovation	3,615,000	3,572,737		42,263
Bender Property Acquisition	2,100,000	1,450,157		649,843
Tabor Drive Acquisition	2,500,000	2,278,783		221,217
EPA Consent Decree	9,520,000	5,120,277	1,823,389	2,576,334
School Roofs	500,000	477,194		22,806
Branford High School Track	400,000	315,071	54,128	30,801
Queach Property Acquisition	3,795,000	3,795,000		-
2006 Capital Projects	2,591,951	2,121,981		469,970
DPW Apparatus	358,100	196,896	121,142	40,062
2007 Capital Projects	3,098,200	1,488,630	246,776	1,362,794

## 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2007, are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 95
General Fund	Nonmajor Governmental Fund	82,104
Nonmajor Governmental Funds	Capital Project Fund	470,000
Capital Project Fund	General Fund	2,618,619
General Fund	Capital Project Fund	<u>2,686,008</u>
Total		<u>\$ 5,856,826</u>

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

Interfund transfers:

	<b>Transfers In</b>			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 3,198,200	\$ 655,890	\$ 3,854,090
Capital Projects			235,000	235,000
Sewer Assessment	100,000			100,000
	<u>100,000</u>			<u>100,000</u>
Total Transfers Out	\$ <u>100,000</u>	\$ <u>3,198,200</u>	\$ <u>890,890</u>	\$ <u>4,189,090</u>

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

## 8. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bond	\$ 32,775,000	\$	\$ 3,915,000	\$ 28,860,000	\$ 4,065,000
Clean water notes	18,510,242	6,163,287	1,084,165	23,589,364	1,275,406
Less deferred amounts:					
Refunding bonds	<u>(481,699)</u>		<u>(86,034)</u>	<u>(395,665)</u>	
Total bonds and notes payable	50,803,543	6,163,287	4,913,131	52,053,699	5,340,406
Landfill closure	1,203,000	64,500		1,267,500	123,250
Compensated absences	3,994,619	149,939		4,144,558	312,083
Risk management claims	1,043,633		142,544	901,089	370,004
Capital leases	796,697		84,814	711,883	88,665
Termination benefits	<u>805,587</u>		<u>402,793</u>	<u>402,794</u>	<u>402,794</u>
Governmental Activity Long-Term Liabilities	\$ <u>58,647,079</u>	\$ <u>6,377,726</u>	\$ <u>5,543,282</u>	\$ <u>59,481,523</u>	\$ <u>6,637,202</u>

A schedule of bonds and notes outstanding at June 30, 2007 is presented below:

	<u>Balance July 1, 2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2007</u>
General Obligation:				
School, 4.0-5.0%, mature in 2008	\$ 832,000	\$	\$ 435,000	\$ 397,000
School, 5.9-7.9%, mature in 2009	614,000		205,000	409,000
School, 4.5-6.25%, mature in 2017	1,600,000		800,000	800,000
School, 4.0-5.0%, mature in 2019	7,036,000		756,000	6,280,000
School, 2.0-4.1%, mature in 2015	7,515,000			7,515,000
Public improvement, 4.0-5.0%, mature in 2008	183,500		96,500	87,000
Public improvement, 5.9-7.9%, mature in 2009	355,000		120,000	235,000
Public improvement, 4.0-5.0%, mature in 2019	5,784,000		559,000	5,225,000
Public improvement, 3.375-5.0%, mature 2019	3,800,000		350,000	3,450,000
Public improvement sewer, 3.375- 5.0% mature in 2016	300,000		50,000	250,000
Public improvement sewer, 4.0- 5.0%, mature in 2019	3,945,000		300,000	3,645,000
Special Assessment:				
Sewer, 4.0-5.0%, mature in 2008	54,500		28,500	26,000
Sewer, 5.9-7.9%, mature in 2009	531,000		175,000	356,000
Water, 4.0-5.0%, mature in 2008	20,000		10,000	10,000
Water, 6.8-7.5%, mature in 2012	205,000		30,000	175,000
<b>Total bonds</b>	<b>32,775,000</b>	<b>-</b>	<b>3,915,000</b>	<b>28,860,000</b>
State of Connecticut, water, 2%, mature in 2013	104,159		14,375	89,784
State of Connecticut, water, 2%, mature in 2019	872,984		63,530	809,454
State of Connecticut, water, 2%, mature in 2022	17,533,099		922,423	16,610,676
State of Connecticut, water, 2% mature in 2027		<u>6,163,287</u>	<u>83,837</u>	<u>6,079,450</u>
<b>Total Bonds and Notes</b>	<b>\$ <u>51,285,242</u></b>	<b>\$ <u>6,163,287</u></b>	<b>\$ <u>4,999,165</u></b>	<b>\$ <u>52,449,364</u></b>

In prior years, the Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provided for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2007, \$7,200,000 of bonds outstanding are considered defeased.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 5,340,406	\$ 1,739,429	\$ 7,079,835
2009	4,776,149	1,525,306	6,301,455
2010	4,302,412	1,338,896	5,641,308
2011	4,379,205	1,189,029	5,568,234
2012	4,496,539	1,041,778	5,538,317
2013-2017	17,976,517	2,841,256	20,817,773
2018-2022	9,197,322	694,007	9,891,329
2023-2027	<u>1,980,814</u>	<u>81,383</u>	<u>2,062,197</u>
Total	<u>\$ 52,449,364</u>	<u>\$ 10,451,084</u>	<u>\$ 62,900,448</u>

**Clean Water Fund Notes**

The Town is currently participating in a Capital Project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for “eligible water quality project costs.” The Town permanently financed \$6,163,287 in notes this year. The balance of temporary notes outstanding is \$160,206, and the notes will be converted to permanent financing in the future. The notes carry an interest rate of 2%.

**General Obligation Bonds and Notes**

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

**Bonds Authorized Unissued**

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued and Paydowns</u>	<u>Bonds Authorized Unissued</u>
Bender Property	\$ 2,100,000	\$ 1,000,000	\$ 1,100,000
EPA Consent Fund	9,520,000	6,823,287	2,696,713
School Roof	500,000	300,000	200,000
WIS roof and windows	2,100,000		2,100,000
Blackstone library	875,000		875,000
Queach Property	3,795,000		3,795,000

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

Category	(In Thousands)		
	Debt Limit	Indebtedness*	Balance
General purpose	\$ 163,672	\$ 10,097	\$ 153,575
Schools	327,344	10,224**	317,120
Sewers	272,786	30,563	242,223
Urban renewal	236,415		236,415
Pension deficit	218,229		218,229

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$509,201.

\* Includes bonds authorized unissued (\$7,792) and excludes water bonds of \$185.

\*\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$5,377.

**9. RISK MANAGEMENT**

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

The Workers' Compensation Internal Service Fund is utilized to report the self-insurance activity. Berkley Administrators of Connecticut administers the plan, for which the Town pays a fee. The Town's general government and the Board of Education, contribute based on estimates using historical data. The Town covers all claims up to \$250,000 per employee per year with a stop-loss policy covering amounts exceeding the limit.

The claims liability of \$653,033 reported in the Internal Service Fund at June 30, 2007 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	Liability July 1,	Current Year Claims And Changes In Estimates	Claim Payments	Liability June 30,
2006-07	\$ 776,989	\$ 851,775	\$ 975,731	\$ 653,033
2005-06	961,506	694,004	878,521	776,989

The Heart and Hypertension Fund was established to account for the self insured activities of the Town related to heart and hypertension claims. The claims liability of \$200,567 at June 30, 2007 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

		<b>Current Year Claims</b>			
	<b>Liability July 1,</b>	<b>And Changes In Estimates</b>	<b>Claim Payments</b>	<b>Liability June 30,</b>	
2006-07	\$ 266,644	\$ 85,645	\$ 151,722	\$ 200,567	
2005-06	304,010	77,292	114,658	266,644	

The Town created the Medical Self-Insurance Fund at the end of 2006. No expenses were incurred in fiscal year 2006. The fund will be used to pay claims for prescription drug costs and dental benefits. The claims liability of \$47,489 at June 30, 2007 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

		<b>Current Year Claims</b>			
	<b>Liability July 1,</b>	<b>And Changes In Estimates</b>	<b>Claim Payments</b>	<b>Liability June 30,</b>	
2006-07	\$ -	\$ 1,639,333	\$ 1,591,844	\$ 47,489	

**10. BULKY WASTE LANDFILL**

The Town Landfill at the intersection of Tabor Drive and Marshall Road no longer accepts municipal solid waste, yet continues to accept bulky waste from the town transfer station, and serves as a Department of Environmental Protection (DEP)-approved site for placement of soils with certain contaminants.

State and federal laws and regulations require the Town of Branford to place final cover on the landfill, and each year the Town appropriates funds for the placement of final cover on completed sections. In the 2006/2007 fiscal year, no closure work was undertaken, aside from maintenance activities considered operational, and no money expended except for a small retainage released. The only unclosed section is the working face on the front (north) slope where filling is currently occurring. To date, \$1,016,500 has been appropriated and approximately \$1,203,000 was expended. Approximately 90% of the total area of the landform has had final cover applied.

The Town received a \$400,000 grant from the DEP to cap the top of the landfill, which has all been expended and reimbursed as described in previous audit notes. It is anticipated that the placement of bulky waste will continue at the front of the landfill until calendar 2009, with closure costs incurred primarily in fiscal 09/10. Annual appropriations will continue to be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. The balance of this account is currently \$241,000. Based upon engineer’s estimates, with a 25% escalator for recent fuel increases, it is anticipated that future closure costs will be \$270,000 for total final cover costs of \$1,472,000, including funds already spent, but not including post-closure costs. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$33,250. These costs will be funded through the General Fund on an annual basis. Regulatory changes or acceleration of the schedule for closure of the landfill may require additional appropriations for the accelerated completion of the installation of final cover.

A 77 acre parcel located north of the active landfill was purchased by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since houses had been proposed by a developer on this site, the Town took the proactive stance of purchasing the property to preclude incompatible development, since control of the plume and of any off-site gas migration is required. Environmental investigations and mitigation have begun on this property, with funds for the project on this adjoining acreage provided by bond proceeds which are separately addressed, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts have been mentioned in past notes. No money was spent in fiscal 06/07 on environmental mitigation. Legal challenges are pending. Routine quarterly testing of wells on this parcel are now included in operating costs and in future monitoring costs.

**Summary of Estimated Total Cost of Remaining Closure and Postclosure Care**

Final Cover Cost (\$90,000 x 3 fiscal years)	\$ 270,000
Postclosure Care Costs (30 years):	
Inspection and Maintenance of Final Cover (\$15,400 annually)	462,000
Monitoring Program, Groundwater, Methane & Stormwater (\$17,850 annually)	<u>535,500</u>
 Total	 \$ <u><u>1,267,500</u></u>

**11. JOINT VENTURES**

**Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with thirteen other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). The BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste to energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to the BRRFOC amounted to \$837,543 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2007 as reflected in the BRRFOC’s financial statements is \$13.8 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

## 12. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Police Employees Retirement Plan

#### A. Plan Description

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

The Town provides police retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all regular members of the Police Department are eligible. Participants are 100% vested after five years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three years immediately prior to retirement multiplied by up to 33 1/3 years of service. Police officers are required to contribute 6% of their base salaries to the PERS. The Plan provides for automatic post-retirement increases on Retiree Pensions up to a maximum of 66 2/3% of pay. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Representative Town Meeting.

At July 1, 2005 (date of latest valuation), PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	31
Terminated employees entitled to benefits but not yet receiving them	3
Active plan members	<u>49</u>
Total	<u>83</u>

#### B. Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:** PERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

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

#### C. Funding Status and Progress

Police officers are required to contribute 6% of base pay to the PERS. The Town is required to contribute the amounts necessary to finance the coverage for its employees as determined by its actuaries; the contribution rate for the current year was 23.3% of covered payroll.

A change was made in the most recent valuation to reduce the investment rate of return assumption from 8% to 7.75%. The effect of this change was to increase the current annual cost by approximately \$58,000 and to increase the unfunded accrued liability by \$465,000.

#### D. Annual Pension Cost and Net Pension Obligations

The Town's annual pension cost and net pension obligation to the Town's Retirement System for the current year were as follows:

Annual required contribution	\$ 724,950
Interest on net pension obligation	(5,919)
Adjustment to annual required contribution	<u>6,413</u>
Annual pension cost	725,444
Contributions made	<u>784,950</u>
Increase (decrease) in net pension obligation	(59,506)
Net pension asset at beginning of year	(21,537)
Actuarial adjustment	<u>(54,838)</u>
Net Pension Asset at End of Year	<u>\$ (135,881)</u>

The following is a summary of certain significant actuarial assumptions and other PERS information:

Actuarial valuation date	July 1, 2005
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	26 years closed
Asset valuation method	4 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	5.0%
Assumed inflation rate	4.0%

#### E. Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>	<u>Actual Contribution</u>
6/30/05	\$ 502,665	134.3 %	\$ (109,568)	\$ 675,000
6/30/06	708,193	95.3	(76,375)	675,000
6/30/07	725,444	108.2	(135,881)	784,950

The net pension asset was restated at July 1, 2005 to reflect contributions made at the beginning of the year.

**Pension Plan Required Supplementary Information**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability(AAL) --Entry Age (b)</b>	<b>(Unfunded) AAL (UAAL) (a-b)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((a-b)/c)</b>
7/01/01	\$ 9,550,035	\$ 13,326,943	\$ (3,776,908)	71.7%	\$ 2,601,817	145.2%
7/01/03	9,593,076	12,551,982	(2,958,906)	76.4	2,827,161	104.7
7/01/05	11,206,696	15,525,603	(4,318,907)	72.2	3,353,416	128.8

**Schedule of Employer Contributions**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/01	\$ 642,000	102.8%
6/30/02	665,040	104.5
6/30/03	751,507	100.0
6/30/04	490,583	359.7
6/30/05	502,901	134.2
6/30/06	707,592	95.3

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is presented in Section D above.

**Municipal Employees' Retirement System**

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

*Funding Policy* - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7.05% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2007, 2006 and 2005 were \$1,006,879, \$927,844 and \$681,892, respectively, equal to the required contributions for each year.

## **Teacher Retirement**

All Town of Branford teachers participate in the State of Connecticut Teachers' Retirement System under Section 10.183 of the General Statutes of the State of Connecticut which has a multiple employer PERS. A teacher is eligible to receive a normal retirement benefit if he or she has:

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$20,445,214 or 48.9% of the total Town payroll of \$41,804,797.

The retirement system for teachers is funded by the State based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2007, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$2,567,925 as payments made by the State of Connecticut on behalf of the Town.

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

## **13. CONTINGENT LIABILITIES**

The Town of Branford is currently a defendant in a number of lawsuits. It is the opinion of Town officials and legal counsel that such pending litigation will not be finally determined so as to result individually or in the aggregate in a final judgement against the Town which would materially adversely affect its financial position. The Town is involved in one significant case as described below:

In New England Estates, et. al. vs. Town of Branford the plaintiffs allege the Town acted improperly in exercising eminent domain to acquire their property and in determining its valuation and were awarded approximately \$17,376,000 in damages. Motions are pending seeking additional damages in the form of attorney's fees. The Town has appealed a portion of the judgment and requested the trial court to overturn or significantly reduce the plaintiffs' verdict not yet appealed and, if denied, intends to appeal and continue to vigorously contest the award. Interest accruing pending the appeals and the award of attorney's fees has the potential to add several million dollars to the judgment. If the appeals are not successful, the Town expects to authorize and issue bonds to finance the judgment.

## **14. RESTATEMENT - INFRASTRUCTURE**

In accordance with Governmental Accounting Standards Board Statement No. 34, the Town capitalized infrastructure acquired prior to July 1, 2002 as of July 1, 2006. The result of this restatement was an increase in capital assets and net assets of \$32,033,188.

## **15. SUBSEQUENT EVENTS**

The Town issued \$3,730,000 of bond anticipation notes dated December 12, 2007 for various projects which will mature September 10, 2008. The notes carry an interest rate of 3.25%.

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 69,570,135	\$ 69,570,135	\$ 70,434,512	\$ 864,377
Interest Income	490,000	490,000	702,921	212,921
Lien Fees	8,000	8,000	24,337	16,337
Suspense Collect	11,000	11,000	44,452	33,452
Delinquent Taxes	724,866	724,866	839,821	114,955
Attorney Fees			23,179	23,179
Foreclosure Fees	38,000	38,000	41,324	3,325
Total taxes	<u>70,842,001</u>	<u>70,842,001</u>	<u>72,110,546</u>	<u>1,268,546</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,363,897	1,363,897	1,397,866	33,969
School Transportation	208,959	208,959	213,200	4,241
Health and Welfare			32,284	32,284
Principal Subsidy	814,944	814,944	804,945	(9,999)
Interest Subsidy	207,321	207,321	207,321	-
Adult Education	20,779	20,779		(20,779)
Circuit Breaker Elderly	253,000	253,000	217,339	(35,661)
Elderly Tax Relief - Freeze	15,800	15,800	12,981	(2,819)
Boat Exemption	98,245	98,245	98,245	-
Disability Exemption	2,000	2,000	2,466	466
Veterans' Reimbursement -	24,000	24,000	29,840	5,840
Manufacturing PILOT Grant	354,000	354,000	366,628	12,628
Pequot Grant	99,913	99,913	102,827	2,914
Private Property Exemption	119,984	119,984	121,633	1,649
State Property Exemption	64,231	64,231	66,901	2,670
State Counseling Grants	120,000	120,000	122,418	2,418
Miscellaneous State Grants			67,991	67,991
COPS Fast	41,667	41,667	41,323	(344)
Universal Hiring Grant	25,000	25,000	14,929	(10,071)
Wild Life Refuge			3,231	3,231
Total intergovernmental revenues	<u>3,833,740</u>	<u>3,833,740</u>	<u>3,924,368</u>	<u>90,628</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Oil Burner Permits	\$ 100	\$ 100	\$	\$ (100)
Building Permits	375,000	375,000	339,773	(35,227)
Excavation Permits	6,000	6,000	6,120	120
Electrical Permits	32,000	32,000	42,924	10,924
Plumbing Permits	26,000	26,000	28,576	2,576
Heating, Air Conditioning and Ventilation Permit	25,000	25,000	32,261	7,261
Sewer Connection Permits	150	150	160	10
Other Licenses and Permits	500	500	250	(250)
Zoning Board of Appeals	7,500	7,500	4,910	(2,590)
Planning and Zoning	17,000	17,000	23,969	6,969
Map Copies - Building and Engineering	1,800	1,800	1,211	(589)
Inland Wetlands Applications	20,000	20,000	5,621	(14,379)
Inland Wetlands Citations			1,500	1,500
Transfer Station Escrow	117,000	117,000	113,880	(3,120)
Trip Passes	2,800	2,800	3,774	974
Sticker Revenue			14,502	14,502
Permits and Tags - Police	17,139	17,139	8,700	(8,439)
Special Wages - Police	450,000	450,000	309,007	(140,993)
False Alarm Fees	20,500	20,500	11,350	(9,150)
Waste Treatment Fees	250,000	250,000	379,111	129,111
North Branford Sewer Fees	310,000	310,000	517,226	207,226
Pump Out Services	2,500	2,500	3,000	500
Town Clerk Other Monies	260,000	260,000	306,072	46,072
Conveyance Taxes	400,000	400,000	561,246	161,246
DEP Licenses - Town Portion	600	600	965	365
Marriage Licenses - Town Portion	2,000	2,000	2,288	288
Dog Licenses	6,000	6,000	6,740	740
Ambulance Service Fees	1,200,000	1,200,000	1,143,640	(56,360)
Miscellaneous Permits and Fees				
Fire Services			2,415	2,415
Counseling Fees and Services	400,000	400,000	402,311	2,311
Counseling - United Way Contribution	11,000	11,000	350	(10,650)
Energy Efficient Program Revenue	30,000	30,000		(30,000)
DEP Nutrient Credit	65,000	65,000	124,688	59,688
Total licenses, permits and fees	<u>4,055,589</u>	<u>4,055,589</u>	<u>4,398,540</u>	<u>342,951</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Interest Income	\$ 1,319,501	\$ 1,319,501	\$ 1,781,077	\$ 461,576
Other:				
Willoughby - Wallace Library Fees	4,500	4,500	5,649	1,149
Employee Health Insurance Co-pay	361,024	361,024	321,405	(39,619)
In Lieu of Taxes - Telephone Access	270,000	270,000	190,664	(79,336)
In Lieu of Taxes - SCRW	198,000	198,000	179,797	(18,203)
Leases	2,300	2,300	5,201	2,901
Telephone Booths	190	190		(190)
Insurance Claims and Refunds	10,000	10,000	47,014	37,014
Miscellaneous Refunds			17,266	17,266
Miscellaneous Income	10,000	10,000	170,678	160,678
Sale of Town Property	58,500	58,500	139,873	81,373
Reimbursement Town Services			4,403	4,403
COBRA/Dental Reimbursement			982	982
Total other	<u>914,514</u>	<u>914,514</u>	<u>1,082,932</u>	<u>168,418</u>
Total revenues	80,965,345	80,965,345	83,297,463	2,332,119
Other Financing Sources:				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Revenue and Other Financing Sources	\$ <u>81,065,345</u>	\$ <u>81,065,345</u>	83,397,463	\$ <u>2,332,119</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted

2,567,925

The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting.

These amounts are recorded as revenues and expenditures for financial reporting purposes.

497,264

Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV

\$ 86,462,652

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
General Government:				
Legislative	\$ 14,568	\$ 14,568	\$ 12,179	\$ 2,389
Executive	331,528	352,740	351,129	1,611
Finance	58,142	58,142	56,750	1,392
Treasurer	337,198	339,473	330,375	9,098
Assessor	360,934	361,798	343,946	17,852
Review of Assessment	9,467	9,467	7,807	1,660
Tax Collector	360,335	485,335	451,587	33,748
Town Clerk	189,562	189,562	186,791	2,771
Law	480,000	480,000	356,881	123,119
Labor Relations Negotiations	60,000	72,000	71,426	574
Probate Court	8,200	8,200	6,356	1,844
Elections	78,440	93,440	87,936	5,504
Planning and Zoning	255,091	256,658	248,576	8,082
Zoning Board of Appeals	8,225	8,225	6,831	1,394
Development Commission	6,145	6,145	5,700	445
Inland Wetlands Commission	58,974	59,756	57,849	1,907
General Government Buildings	739,517	733,247	603,123	130,124
Cable Television	2,540	4,740	3,306	1,434
Electronic Data Processing	530,629	532,470	525,731	6,739
Human Resources	284,384	261,701	253,054	8,647
Total	<u>4,173,879</u>	<u>4,327,667</u>	<u>3,967,333</u>	<u>360,334</u>
Public Safety:				
Police Service	4,571,808	4,572,215	4,534,150	38,065
Police Service - Special Detail	450,000	450,000	248,183	201,817
Fire Protection	3,580,986	3,629,737	3,624,031	5,706
Building Department	128,802	146,438	138,049	8,389
Total	<u>8,731,596</u>	<u>8,798,390</u>	<u>8,544,413</u>	<u>253,977</u>
Public Works and Highways:				
Public Works	1,988,389	1,989,211	1,829,900	159,311
Water Pollution Control	2,223,353	2,225,273	2,167,577	57,696
Sanitation and Waste	2,856,320	2,857,094	2,619,251	237,843
General Engineering	177,983	183,247	180,565	2,682
Total	<u>7,246,045</u>	<u>7,254,825</u>	<u>6,797,293</u>	<u>457,532</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
Recreation:				
Branford Recreation Department	\$ 741,314	\$ 742,444	\$ 722,287	\$ 20,157
Parker Park	62,886	62,886	53,029	9,857
Young's Park commission	7,820	7,820	7,819	1
Docks and Recreational Facilities	35,650	35,650	35,284	366
Public Celebration	25,239	25,239	22,427	2,812
Conservation Commission	6,300	6,300	5,872	428
Total	<u>879,209</u>	<u>880,339</u>	<u>846,718</u>	<u>33,621</u>
Libraries:				
James Blackstone Memorial Library	910,974	910,974	910,974	-
Willoughby-Wallace Library	180,939	181,722	180,899	823
Total	<u>1,091,913</u>	<u>1,092,696</u>	<u>1,091,873</u>	<u>823</u>
Health and Welfare:				
Human Services	1,005,271	1,010,156	986,566	23,590
Commission for the Elderly	310,627	312,543	267,745	44,798
East Shore District Health	176,486	179,543	173,368	6,175
Total	<u>1,492,384</u>	<u>1,502,242</u>	<u>1,427,679</u>	<u>74,563</u>
Board of Education	<u>41,974,351</u>	<u>41,974,351</u>	<u>41,948,669</u>	<u>25,682</u>
Pension and Insurance:				
Pension and Contributions	2,519,625	2,538,875	2,315,168	223,707
Employee Group Insurance	3,329,067	3,329,067	3,015,703	313,364
Municipal Insurance	1,573,326	1,596,326	1,589,700	6,626
Contingency	658,959	253,025	-	253,025
Total	<u>8,080,977</u>	<u>7,717,293</u>	<u>6,920,571</u>	<u>796,722</u>
Debt Service:				
Principal Retirement	4,799,863	4,755,672	4,755,664	8
Interest and Fiscal Charges	1,833,770	1,912,780	1,906,772	6,008
Total	<u>6,633,633</u>	<u>6,668,452</u>	<u>6,662,436</u>	<u>6,016</u>
Total expenditures	<u>80,303,987</u>	<u>80,216,255</u>	<u>78,206,985</u>	<u>2,009,270</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

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

**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 75,358	\$ 75,590	\$ 75,590	\$ -
Retiree Benefit Fund	500,000	500,000	500,000	-
Open Space Fund	30,300	30,300	30,300	-
Special Programs	50,000	50,000	50,000	-
Revaluation Fund	235,000	235,000	235,000	-
Capital Projects Fund:				
Ambulance	70,000	70,000	70,000	-
Fire Apparatus	75,000	75,000	75,000	-
Sewer Reserve	100,000	100,000	100,000	-
DPW Apparatus	140,000	140,000	140,000	-
Capital Procurement	1,635,700	2,578,200	2,578,200	-
Total other financing uses	<u>2,911,358</u>	<u>3,854,090</u>	<u>3,854,090</u>	<u>-</u>
Total Budgeted Operations	\$ <u>83,215,345</u>	\$ <u>84,070,345</u>	82,061,075	\$ <u>2,009,270</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.				
			2,567,925	
The Board of Education does not budget for certain intergovernmental grants which are credited against education expenditures for budgetary reporting. These amounts are recorded as revenues and expenditures for financial reporting purposes.				
			497,264	
Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year received for financial reporting purposes.				
			<u>(213,973)</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>84,912,291</u>	

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,169,391	\$ 20,964,288
Receivables:		
Taxes, net	1,769,930	1,949,640
Intergovernmental	5,507,831	6,777,648
Other	1,840,565	1,404,047
Due from other funds	2,768,112	322,863
Prepaid items	<u>27,685</u>	<u>24,485</u>
Total Assets	<u>\$ 31,083,514</u>	<u>\$ 31,442,971</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,655,324	\$ 1,966,695
Due to other funds	2,618,714	2,383,161
Deferred revenues	9,793,367	11,619,805
Other	<u>401,105</u>	<u>408,667</u>
Total liabilities	<u>14,468,510</u>	<u>16,378,328</u>
Fund balance:		
Reserved for encumbrances	348,790	253,713
Reserved for prepaid items	27,685	24,485
Unreserved:		
Designated for subsequent year budget		2,150,000
Undesignated - available for appropriation	<u>16,238,529</u>	<u>12,636,445</u>
Total fund balance	<u>16,615,004</u>	<u>15,064,643</u>
Total Liabilities and Fund Balance	<u>\$ 31,083,514</u>	<u>\$ 31,442,971</u>

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

## REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2007

Grand List	Uncollected Taxes July 1, 2006	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2007	
						Taxes	Interest	Liens	Total		
1991	\$ 12,014	\$	\$	\$	\$ 12,014	\$ 7,494	\$ 10,679	\$ 24	\$ 18,197	\$ 4,520	
1992	14,899				14,899	7,385	18,336	24	25,745	7,514	
1993	18,616				18,616	9,345	20,978	48	30,371	9,271	
1994	25,524	248			25,772	10,895	19,036	72	30,003	14,877	
1995	27,853	(658)			27,195	11,518	18,461	96	30,075	15,677	
1996	30,794				30,794	12,288	19,308	96	31,692	18,506	
1997	36,587				36,587	15,190	20,034	120	35,344	21,397	
1998	61,772	67			61,839	23,233	23,253	272	46,758	38,606	
1999	63,968	115			64,083	29,802	32,687	240	62,729	34,281	
2000	292,781	(6,153)		(165,933)	120,695	62,700	60,955	384	124,039	57,995	
2001	338,256	(6,532)		(1,955)	329,769	97,878	71,749	366	169,993	231,891	
2002	392,682	(22,603)		(1,535)	368,544	82,269	52,511	585	135,365	286,275	
2003	518,214	(51,944)		(1,793)	464,477	105,028	50,379	783	156,190	359,449	
2004	753,517	(44,872)			708,645	293,043	68,742	2,472	364,257	415,602	
2005	71,372,165	(118,002)		(51,965)	71,202,198	70,434,512	189,511	840	70,624,863	767,686	
	<u>\$ 73,959,642</u>	<u>\$ (250,334)</u>		<u>\$ (51,965)</u>	<u>\$ (171,216)</u>	<u>\$ 73,486,127</u>	71,202,580	676,619	6,422	71,885,621	<u>\$ 2,283,547</u>
				Suspense Collections		18,149	26,303		44,452		
				Administrative Fees				17,915	17,915		
				Total		<u>\$ 71,220,729</u>	<u>\$ 702,922</u>	<u>\$ 24,337</u>	<u>\$ 71,947,988</u>		

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

**JUNE 30, 2007**

	Special Revenue							
	Revaluation	Open Space	Water Assessment	Board of Education				Energy Efficiency
				Program	Day Care	Educational Grants	Cafeteria	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 282,024	\$ 214,555	\$ 62,088	\$ 44,574	\$ 268,138	\$ 46,561	\$ 103,698	\$ 24,616
Investment								
Accounts receivable			55,097			1,000		
Intergovernmental						207,463	36,647	
Due from other funds	470,000							
Inventory							8,998	
<b>Total Assets</b>	<b><u>\$ 752,024</u></b>	<b><u>\$ 214,555</u></b>	<b><u>\$ 117,185</u></b>	<b><u>\$ 44,574</u></b>	<b><u>\$ 268,138</u></b>	<b><u>\$ 255,024</u></b>	<b><u>\$ 149,343</u></b>	<b><u>\$ 24,616</u></b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Accounts payable	\$	\$ 381	\$	\$ 29,810	\$ 3,172	\$ 122,587	\$ 103,828	\$
Due to other funds				9,679		27,132		
Deferred revenue			55,097					
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>381</u></b>	<b><u>55,097</u></b>	<b><u>39,489</u></b>	<b><u>3,172</u></b>	<b><u>149,719</u></b>	<b><u>103,828</u></b>	<b><u>-</u></b>
<b>Fund Balance:</b>								
<b>Reserved:</b>								
Inventory							8,998	
Permanent account								
<b>Unreserved:</b>								
Undesignated	752,024	214,174	62,088	5,085	264,966	105,305	36,517	24,616
<b>Total fund balance</b>	<b><u>752,024</u></b>	<b><u>214,174</u></b>	<b><u>62,088</u></b>	<b><u>5,085</u></b>	<b><u>264,966</u></b>	<b><u>105,305</u></b>	<b><u>45,515</u></b>	<b><u>24,616</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 752,024</u></b>	<b><u>\$ 214,555</u></b>	<b><u>\$ 117,185</u></b>	<b><u>\$ 44,574</u></b>	<b><u>\$ 268,138</u></b>	<b><u>\$ 255,024</u></b>	<b><u>\$ 149,343</u></b>	<b><u>\$ 24,616</u></b>

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

**JUNE 30, 2007**

**Special Revenue**

	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Pass Through Grants</u>	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Retiree Benefit</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 284,716	\$ 260,229	\$ -	\$ 550,148	\$ 345,896	\$ 2,059,008	\$ 109,188	\$ 96,872
Investment								25,759
Accounts receivable	591,373				7,012			
Intergovernmental					2,465			
Due from other funds								
Inventory								
<b>Total Assets</b>	<u>\$ 876,089</u>	<u>\$ 260,229</u>	<u>\$ -</u>	<u>\$ 550,148</u>	<u>\$ 355,373</u>	<u>\$ 2,059,008</u>	<u>\$ 109,188</u>	<u>\$ 122,631</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ 218,210	\$ -	\$ -	\$ 9,372	\$ 8,709	\$ -	\$ 3,037	\$ 137
Due to other funds				31,988	24,352		216	195
Deferred revenue	591,373			155,979				
<b>Total liabilities</b>	<u>809,583</u>	<u>-</u>	<u>-</u>	<u>197,339</u>	<u>33,061</u>	<u>-</u>	<u>3,253</u>	<u>332</u>
Fund Balance:								
Reserved:								
Inventory								
Permanent account								
Unreserved:								
Undesignated	66,506	260,229		352,809	322,312	2,059,008	105,935	122,299
<b>Total fund balance</b>	<u>66,506</u>	<u>260,229</u>	<u>-</u>	<u>352,809</u>	<u>322,312</u>	<u>2,059,008</u>	<u>105,935</u>	<u>122,299</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 876,089</u>	<u>\$ 260,229</u>	<u>\$ -</u>	<u>\$ 550,148</u>	<u>\$ 355,373</u>	<u>\$ 2,059,008</u>	<u>\$ 109,188</u>	<u>\$ 122,631</u>

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

**JUNE 30, 2007**

Special Revenue

	<u>Tourism</u>	<u>Exit 53 Improvement</u>	<u>Elderly Commission</u>	<u>Board of Education Severance</u>	<u>Dog</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 3		\$ 266,662	\$ 57,109	\$ 63,619	\$ 7,285	\$ 15,984	\$ 5,162,973
Investment								25,759
Accounts receivable		365			11,588			666,435
Intergovernmental								246,575
Due from other funds			95		3,367		9,679	483,141
Inventory								8,998
<b>Total Assets</b>	<u>\$ 3</u>	<u>\$ 365</u>	<u>\$ 266,757</u>	<u>\$ 57,109</u>	<u>\$ 78,574</u>	<u>\$ 7,285</u>	<u>\$ 25,663</u>	<u>\$ 6,593,881</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$	\$ 365	\$ 257	\$	\$ 17,139	\$	\$	\$ 517,004
Due to other funds	3				1,649			95,214
Deferred revenue								802,449
<b>Total liabilities</b>	<u>3</u>	<u>365</u>	<u>257</u>	<u>-</u>	<u>18,788</u>	<u>-</u>	<u>-</u>	<u>1,414,667</u>
Fund Balance:								
Reserved:								
Inventory								8,998
Permanent account								
Unreserved:								
Undesignated			266,500	57,109	59,786	7,285	25,663	5,170,216
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>266,500</u>	<u>57,109</u>	<u>59,786</u>	<u>7,285</u>	<u>25,663</u>	<u>5,179,214</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 3</u>	<u>\$ 365</u>	<u>\$ 266,757</u>	<u>\$ 57,109</u>	<u>\$ 78,574</u>	<u>\$ 7,285</u>	<u>\$ 25,663</u>	<u>\$ 6,593,881</u>

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

**JUNE 30, 2007**

**Permanent Fund**

	<u>Damascus Cemetery</u>	<u>Leshine Scholarship</u>	<u>Caspar Block Scholarship</u>	<u>Gustaf Nelson Memorial</u>	<u>John B. Hart</u>	<u>Caspar Block Special Recreation Grant</u>	<u>Total</u>	<u>Transfers/ Interfunds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 6,168	\$ 5,661	\$ 5,526	\$ 37,497	\$ -	\$ 68,122	\$ 122,974	\$ -	\$ 5,285,947
Investment	138,843						138,843		164,602
Accounts receivable									666,435
Intergovernmental									246,575
Due from other funds					64		64	(13,110)	470,095
Inventory									8,998
Total Assets	<u>\$ 145,011</u>	<u>\$ 5,661</u>	<u>\$ 5,526</u>	<u>\$ 37,497</u>	<u>\$ 64</u>	<u>\$ 68,122</u>	<u>\$ 261,881</u>	<u>\$ (13,110)</u>	<u>\$ 6,842,652</u>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 64	\$ -	\$ 64	\$ -	\$ 517,068
Due to other funds								(13,110)	82,104
Deferred revenue									802,449
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>-</u>	<u>64</u>	<u>(13,110)</u>	<u>1,401,621</u>
Fund Balance:									
Reserved:									
Inventory									8,998
Permanent account	1,500	4,000		30,000		59,920	95,420		95,420
Unreserved:									
Undesignated	143,511	1,661	5,526	7,497		8,202	166,397		5,336,613
Total fund balance	<u>145,011</u>	<u>5,661</u>	<u>5,526</u>	<u>37,497</u>	<u>-</u>	<u>68,122</u>	<u>261,817</u>	<u>-</u>	<u>5,441,031</u>
Total Liabilities and Fund Balance	<u>\$ 145,011</u>	<u>\$ 5,661</u>	<u>\$ 5,526</u>	<u>\$ 37,497</u>	<u>\$ 64</u>	<u>\$ 68,122</u>	<u>\$ 261,881</u>	<u>\$ (13,110)</u>	<u>\$ 6,842,652</u>

## TOWN OF BRANFORD, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue							
	Revaluation	Open Space	Water Assessment	Board of Education				
				Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency
Revenues:								
Assessment income	\$	\$	\$ 45,697	\$	\$	\$	\$	
Interest on assessments			13,011					
Intergovernmental revenues						2,209,739	280,279	
Investment income	12,905	10,938	5,417	3,909	15,398		274	
Sale of food							806,887	
Sales and services							18,543	
Program income				53,189	632,298			
Other		232	1,080					
Total revenues	<u>12,905</u>	<u>11,170</u>	<u>65,205</u>	<u>57,098</u>	<u>647,696</u>	<u>2,209,739</u>	<u>1,105,983</u>	<u>1,277</u>
Expenditures:								
Current:								
General government								
Public safety								
Public works and highway								
Parks, recreation and libraries		38,516						
Health and human services								
Education				82,577	603,042	2,256,118	1,112,343	
Debt service			54,928					
Total expenditures	<u>-</u>	<u>38,516</u>	<u>54,928</u>	<u>82,577</u>	<u>603,042</u>	<u>2,256,118</u>	<u>1,112,343</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	12,905	(27,346)	10,277	(25,479)	44,654	(46,379)	(6,360)	1,277
Other Financing Sources (Uses):								
Transfers in	235,000	30,300						
Transfers out				(10,000)				
Net Change in Fund Balances	247,905	2,954	10,277	(35,479)	44,654	(46,379)	(6,360)	1,277
Fund Balances at Beginning of Year	<u>504,119</u>	<u>211,220</u>	<u>51,811</u>	<u>40,564</u>	<u>220,312</u>	<u>151,684</u>	<u>51,875</u>	<u>23,339</u>
Fund Balances at End of Year	<u>\$ 752,024</u>	<u>\$ 214,174</u>	<u>\$ 62,088</u>	<u>\$ 5,085</u>	<u>\$ 264,966</u>	<u>\$ 105,305</u>	<u>\$ 45,515</u>	<u>\$ 24,616</u>

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**TOWN OF BRANFORD, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Special Revenue

	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Pass Through Grants</u>	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Retiree Benefit</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>
Revenues:								
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$
Interest on assessments								
Intergovernmental revenues	543,206	208,688	298,689		351,702			6,455
Investment income	419	7,950		15,095	12,980	94,954	2,770	4,640
Sale of food								
Sales and services				304,288	44,258			
Program income	61,802							
Other				4,939	28,821		65,963	21,506
Total revenues	<u>605,427</u>	<u>216,638</u>	<u>298,689</u>	<u>324,322</u>	<u>437,761</u>	<u>94,954</u>	<u>68,733</u>	<u>32,601</u>
Expenditures:								
Current:								
General government					31,530			
Public safety					167,236			
Public works and highway		69,989			3,833			
Parks, recreation and libraries				246,231	23,144			15,293
Health and human services	569,445		298,689		141,814		75,627	
Education								
Debt service								
Total expenditures	<u>569,445</u>	<u>69,989</u>	<u>298,689</u>	<u>246,231</u>	<u>367,557</u>	<u>-</u>	<u>75,627</u>	<u>15,293</u>
Excess (Deficiency) of Revenues over Expenditures	35,982	146,649	-	78,091	70,204	94,954	(6,894)	17,308
Other Financing Sources (Uses):								
Transfers in					50,000	500,000		
Transfers out								
Net Change in Fund Balances	35,982	146,649	-	78,091	120,204	594,954	(6,894)	17,308
Fund Balances at Beginning of Year	<u>30,524</u>	<u>113,580</u>	<u>-</u>	<u>274,718</u>	<u>202,108</u>	<u>1,464,054</u>	<u>112,829</u>	<u>104,991</u>
Fund Balances at End of Year	<u>\$ 66,506</u>	<u>\$ 260,229</u>	<u>\$ -</u>	<u>\$ 352,809</u>	<u>\$ 322,312</u>	<u>\$ 2,059,008</u>	<u>\$ 105,935</u>	<u>\$ 122,299</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

Special Revenue

	<u>Tourism</u>	<u>Exit 53 Improvement</u>	<u>Elderly Commission</u>	<u>Board of Education Severance</u>	<u>Dog</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Total</u>
Revenues:								
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$ 45,697
Interest on assessments								13,011
Intergovernmental revenues				10,000	46,350			3,955,108
Investment income			12,846	1,629	470			203,871
Sale of food								806,887
Sales and services					16,011			383,100
Program income							45,873	793,162
Other			14,274			15,000		151,815
Total revenues	<u>-</u>	<u>-</u>	<u>27,120</u>	<u>11,629</u>	<u>62,831</u>	<u>15,000</u>	<u>45,873</u>	<u>6,352,651</u>
Expenditures:								
Current:								
General government					127,106		30,210	188,846
Public safety								167,236
Public works and highway								73,822
Parks, recreation and libraries						9,367		332,551
Health and human services			8,024					1,093,599
Education								4,054,080
Debt service								54,928
Total expenditures	<u>-</u>	<u>-</u>	<u>8,024</u>	<u>-</u>	<u>127,106</u>	<u>9,367</u>	<u>30,210</u>	<u>5,965,062</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	19,096	11,629	(64,275)	5,633	15,663	387,589
Other Financing Sources (Uses):								
Transfers in					75,590		10,000	900,890
Transfers out								(10,000)
Net Change in Fund Balances	-	-	19,096	11,629	11,315	5,633	25,663	1,278,479
Fund Balances at Beginning of Year	-	-	247,404	45,480	48,471	1,652		3,900,735
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 266,500</u>	<u>\$ 57,109</u>	<u>\$ 59,786</u>	<u>\$ 7,285</u>	<u>\$ 25,663</u>	<u>\$ 5,179,214</u>

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## TOWN OF BRANFORD, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Permanent Fund							Transfers/ Interfunds	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	John B. Hart	Caspar Block Special Recreation Grant	Total		
Revenues:									
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$	\$ 45,697
Interest on assessments									13,011
Intergovernmental revenues									3,955,108
Investment income	20,960	305	325	2,043	66	3,684	27,383		231,254
Sale of food									806,887
Sales and services									383,100
Program income									793,162
Other									151,815
Total revenues	<u>20,960</u>	<u>305</u>	<u>325</u>	<u>2,043</u>	<u>66</u>	<u>3,684</u>	<u>27,383</u>	<u>-</u>	<u>6,380,034</u>
Expenditures:									
Current:									
General government					1,373		1,373		190,219
Public safety									167,236
Public works and highway									73,822
Parks, recreation and libraries						290	290		332,841
Health and human services	2,150						2,150		1,095,749
Education			500	500			1,000		4,055,080
Debt service									54,928
Total expenditures	<u>2,150</u>	<u>-</u>	<u>500</u>	<u>500</u>	<u>1,373</u>	<u>290</u>	<u>4,813</u>	<u>-</u>	<u>5,969,875</u>
Excess (Deficiency) of Revenues over Expenditures	18,810	305	(175)	1,543	(1,307)	3,394	22,570	-	410,159
Other Financing Sources (Uses):									
Transfers in								(10,000)	890,890
Transfers out								10,000	
Net Change in Fund Balances	18,810	305	(175)	1,543	(1,307)	3,394	22,570	-	1,301,049
Fund Balances at Beginning of Year	<u>126,201</u>	<u>5,356</u>	<u>5,701</u>	<u>35,954</u>	<u>1,307</u>	<u>64,728</u>	<u>239,247</u>		<u>4,139,982</u>
Fund Balances at End of Year	<u>\$ 145,011</u>	<u>\$ 5,661</u>	<u>\$ 5,526</u>	<u>\$ 37,497</u>	<u>\$ -</u>	<u>\$ 68,122</u>	<u>\$ 261,817</u>	<u>\$ -</u>	<u>\$ 5,441,031</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUND**  
**COMBINING STATEMENT OF NET ASSETS**

**JUNE 30, 2007**

	<b>Medical Fund</b>	<b>Workers' Compensation Revenues</b>	<b>Heart and Hypertension Fund</b>	<b>Interfund Eliminations</b>	<b>Total</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 540,794	\$ 1,328,633	\$ 370,025	\$	\$ 2,239,452
Accounts receivable	178,163				178,163
Due from other funds		7,046		(7,046)	
Total assets	718,957	1,335,679	370,025	(7,046)	2,417,615
<b>Liabilities:</b>					
Accounts payable		9,748			9,748
Claims incurred not reported	47,489	653,033	200,567		901,089
Due to other funds			7,046	(7,046)	
Total liabilities	47,489	662,781	207,613	(7,046)	910,837
<b>Net Assets:</b>					
Unrestricted	\$ 671,468	\$ 672,898	\$ 162,412	\$ -	\$ 1,506,778

## TOWN OF BRANFORD, CONNECTICUT

## INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Operating Revenues:					
Contributions for benefits	\$ 1,871,012	\$ 964,451	\$ 165,000	\$ -	\$ 3,000,463
Others	99,054	486,086			585,140
Total operating revenues	<u>1,970,066</u>	<u>1,450,537</u>	<u>165,000</u>	<u>-</u>	<u>3,585,603</u>
Operating Expenses:					
Benefit claims	1,639,333	851,775	85,645		2,576,753
Claims administration	53,003	136,090			189,093
Total operating expenses	<u>1,692,336</u>	<u>987,865</u>	<u>85,645</u>	<u>-</u>	<u>2,765,846</u>
Operating Income	277,730	462,672	79,355	-	819,757
Nonoperating Income - Interest Income	<u>14,367</u>	<u>56,686</u>	<u>21,135</u>		<u>92,188</u>
Change in Net Assets	292,097	519,358	100,490	-	911,945
Net Assets at Beginning of Year	<u>379,371</u>	<u>153,540</u>	<u>61,922</u>	<u>-</u>	<u>594,833</u>
Net Assets at End of Year	<u><u>\$ 671,468</u></u>	<u><u>\$ 672,898</u></u>	<u><u>\$ 162,412</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,506,778</u></u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Medical Fund</u>	<u>Workers' Compensation Fund</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Cash Flows from Operating Activities:					
Cash received for benefits	\$ 2,171,274	\$ 1,480,579	\$ 165,000	\$ -	\$ 3,816,853
Cash paid for benefits and administration	<u>(1,644,847)</u>	<u>(1,250,753)</u>	<u>(181,764)</u>	<u>-</u>	<u>(3,077,364)</u>
Net cash provided by (used in) operating activities	526,427	229,826	(16,764)	-	739,489
Cash Flows from Investing Activities:					
Interest income	<u>14,367</u>	<u>56,686</u>	<u>21,135</u>	<u>-</u>	<u>92,188</u>
Net Increase in Cash and Cash Equivalents	540,794	286,512	4,371	-	831,677
Cash and Cash Equivalents at Beginning of Year	<u>-</u>	<u>1,042,121</u>	<u>365,654</u>	<u>-</u>	<u>1,407,775</u>
Cash and Cash Equivalents at End of Year	<u>\$ 540,794</u>	<u>\$ 1,328,633</u>	<u>\$ 370,025</u>	<u>\$ -</u>	<u>\$ 2,239,452</u>
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:					
Operating Income	\$ 277,730	\$ 462,672	\$ 79,355	\$ -	\$ 819,757
Adjustments to reconcile operating income to net cash provided by operating activities:					
Changes in balance sheet accounts:					
Increase (decrease) in payables	47,489	(262,888)	(96,119)	-	(311,518)
(Increase) decrease in receivables	<u>201,208</u>	<u>30,042</u>	<u>-</u>	<u>-</u>	<u>231,250</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 526,427</u>	<u>\$ 229,826</u>	<u>\$ (16,764)</u>	<u>\$ -</u>	<u>\$ 739,489</u>

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Branford Conservation Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,538</u>	\$ <u>88</u>	\$ <u>-</u>	\$ <u>1,626</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,538</u>	\$ <u>88</u>	\$ <u>-</u>	\$ <u>1,626</u>
<b>Shellfish Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>42,926</u>	\$ <u>33,410</u>	\$ <u>7,520</u>	\$ <u>68,816</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>42,926</u>	\$ <u>33,410</u>	\$ <u>7,520</u>	\$ <u>68,816</u>
<b>Academy-On-The-Green</b>				
Assets:				
Cash and cash equivalents	\$ <u>26,602</u>	\$ <u>3,031</u>	\$ <u>155</u>	\$ <u>29,478</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>26,602</u>	\$ <u>3,031</u>	\$ <u>155</u>	\$ <u>29,478</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Volunteer Firemen's' Pension Fund</b>				
Assets:				
Cash and cash equivalents	\$ 13,265	\$	\$	\$ 13,265
Investments	<u>189,213</u>	<u>67,645</u>	<u>33,727</u>	<u>223,131</u>
Total Assets	<u>\$ 202,478</u>	<u>\$ 67,645</u>	<u>\$ 33,727</u>	<u>\$ 236,396</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 202,478</u>	<u>\$ 67,645</u>	<u>\$ 33,727</u>	<u>\$ 236,396</u>
<b>Branford Medical Transit</b>				
Assets:				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 18,670</u>	<u>\$ 14,742</u>	<u>\$ 3,928</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ -</u>	<u>\$ 18,670</u>	<u>\$ 14,742</u>	<u>\$ 3,928</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Commission on Services For the Elderly</b>				
Assets:				
Cash and cash equivalents	\$ 35,127	\$ 84,518	\$ 107,852	\$ 11,793
Liabilities:				
Due to students, employees and other groups	\$ 29,556	\$ 78,089	\$ 107,852	\$ (207)
Due to other funds	5,571	6,429		12,000
Total Liabilities	\$ 35,127	\$ 84,518	\$ 107,852	\$ 11,793
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ 668,338	\$ 1,847,281	\$ 1,806,814	\$ 708,805
Investments	137,716	33,622		171,338
Total Assets	\$ 806,054	\$ 1,880,903	\$ 1,806,814	\$ 880,143
Liabilities:				
Due to students, employees and other groups	\$ 806,054	\$ 1,880,903	\$ 1,806,814	\$ 880,143

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Developer Bond Funds</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 308,981	\$ -	\$ 308,981
Liabilities:				
Due to students, employees and other groups	\$ -	\$ 308,981	\$ -	\$ 308,981
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 787,796	\$ 2,295,979	\$ 1,937,083	\$ 1,146,692
Investments	326,929	101,267	33,727	394,469
Total Assets	\$ 1,114,725	\$ 2,397,246	\$ 1,970,810	\$ 1,541,161
Liabilities:				
Due to students, employees and other groups	\$ 1,109,154	\$ 2,390,817	\$ 1,970,810	\$ 1,529,161
Due to other funds	5,571	6,429		12,000
Total Liabilities	\$ 1,114,725	\$ 2,397,246	\$ 1,970,810	\$ 1,541,161

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2007

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2007	\$ 71,930
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	800
Reimbursement for revenue loss on: Elderly tax relief	<u>13</u>
Base	<u>\$ 72,743</u>

	<u>General Purpose</u>	<u>Schools</u>	<u>Sewers</u>	<u>Urban Renewal</u>	<u>Pension Deficit</u>
Debt limitation:					
2-1/4 times base	\$ 163,672	\$	\$	\$	\$
4-1/2 times base		327,344			
3-3/4 times base			272,786		
3-1/4 times base				236,415	
3 times base					218,229
Total debt limitation	<u>163,672</u>	<u>327,344</u>	<u>272,786</u>	<u>236,415</u>	<u>218,229</u>
Indebtedness:					
Bonds payable	8,997	15,401	27,866		
Bonds authorized and unissued	1,100	200	2,697		
School building grants receivables		(5,377)			
Total indebtedness	<u>10,097</u>	<u>10,224</u>	<u>30,563</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 153,575</u>	<u>\$ 317,120</u>	<u>\$ 242,223</u>	<u>\$ 236,415</u>	<u>\$ 218,229</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$509,201.

Note 2: Water bonds of \$185 are excluded from the computation above.