

**TOWN OF BRANFORD, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2011

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## Independent Auditors' Report

To the Board of Finance  
Town of 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, 2011, which collectively comprise the Town of Branford, Connecticut'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 basic 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2011 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 December 27, 2011 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 49 through 54 are not required parts 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 of Branford, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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.*

December 27, 2011

**TOWN OF BRANFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

This discussion and analysis of the Town of Branford, Connecticut's (the Town) financial performance is provided by management to provide an overview of the Town's financial activities for the fiscal year ended June 30, 2011. 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 decreased by \$3,356.
- During the year, the Town had expenses that were \$3,356 more than the \$103,479 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$106,835 with no new programs added this year.
- The General Fund reported a fund balance this year of \$18,247.
- The resources available for appropriation were \$2,091 more than budgeted for the General Fund. Expenditures were \$1,147 less than budgeted.

**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 nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets, to assess the overall health of the Town.

In the statement of net 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, decreasing from \$116,279 to \$112,923. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

**TABLE 1  
NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Current assets	\$ 51,313	\$ 48,905
Capital assets, net of accumulated depreciation	127,284	129,272
Total assets	<u>178,597</u>	<u>178,177</u>
Long-term debt outstanding	57,459	48,603
Other liabilities	8,215	13,295
Total liabilities	<u>65,674</u>	<u>61,898</u>
Net Assets:		
Invested in capital assets, net of debt	82,744	82,530
Restricted	248	236
Unrestricted	<u>29,931</u>	<u>33,513</u>
Total Net Assets	<u>\$ 112,923</u>	<u>\$ 116,279</u>

The Town experienced a decrease in net assets of its governmental activities of 2.9% 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 \$33,513 at June 30, 2010 to \$29,931 at the end of this year.

The change in unrestricted governmental net assets primarily reflects the increase in long-term debt outstanding.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,125	\$ 9,059
Operating grants and contributions	11,215	12,909
Capital grants and contributions	37	330
General revenues:		
Property taxes	81,298	79,091
Grants and contributions not restricted to specific programs	1,186	1,301
Unrestricted investment earnings	285	514
Other general revenues	<u>333</u>	<u>325</u>
Total revenues	<u>103,479</u>	<u>103,529</u>
 Program expenses:		
General government	9,246	10,205
Public safety	16,831	16,711
Public works and highway	13,445	12,528
Parks, recreation and libraries	3,288	3,049
Health and human services	3,241	1,517
Education	59,475	56,705
Interest debt service	<u>1,309</u>	<u>1,264</u>
Total program expenses	<u>106,835</u>	<u>101,979</u>
 Increase (Decrease) in Net Assets	 \$ <u><u>(3,356)</u></u>	 \$ <u><u>1,550</u></u>

The Town's total revenues were \$103,479. The total cost of all programs and services was \$106,835. Our analysis which follows considers the operations of governmental activities.



**Governmental Activities**

The largest single component of governmental activity is the General Fund. Total revenues were \$2,091 higher than budgeted. Of this amount, \$1,226 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$582. Intergovernmental revenue exceeded budget due to conservative estimates of state assistance and an expectation that principal and interest subsidies from the State’s school construction program would be reduced pursuant to audits. Intergovernmental revenues and licenses, permits and fee revenue exceeded the budget by \$569, primarily due to police special detail, and transfer station escrow fees, which exceeded their budgets by \$198, and \$70, respectively. Interest and other income exceeded the budget by \$248 primarily due to favorable results from the sale of recyclable materials and to a lesser degree premiums received from the winning underwriter during a bond sale.

Expenditures were \$1,147 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for debts service, tax appeals, solid waste fees combined with vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General government	\$ 9,246	\$ 10,205	\$ 8,104	\$ 8,979
Public safety	16,831	16,711	14,248	14,137
Public works and highway	13,445	12,528	9,587	7,934
Parks, recreation and libraries	3,288	3,049	2,892	2,468
Health and human services	3,241	1,517	1,746	231
Education	59,475	56,705	48,696	44,705
Interest and debt service	1,309	1,264	1,184	1,228
<b>Total</b>	<b>\$ 106,835</b>	<b>\$ 101,979</b>	<b>\$ 86,457</b>	<b>\$ 79,682</b>

**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 \$26,620, which is an increase from last year’s total of \$19,399. The primary reason for the increase is the change in the capital fund balance pursuant to the issuance of \$12,770 in bonds to finance capital projects. The Town also issued bonds and notes in August 2011. Please refer to Note 16, Subsequent Events.

**General Fund Budgetary Highlights**

The Town’s general fund expenditures plus encumbrances totaled \$91,200. Unexpended appropriations in general government, public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,147. Revenues were \$2,091 higher, which reflects strong tax collections, favorable nontax revenue experience and conservative estimates.

The Town’s General Fund balance of \$18,247 reported on Exhibit IV is comprised of four categories: Nonspendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2011, the Town had \$127,284 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net decrease (including additions and deductions) of \$1,988 or (1.5 %), less than last year.

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

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Land	\$ 13,058	\$ 12,888
Intangible assets	597	
Land improvements	816	861
Buildings	73,040	73,826
Machinery and equipment	9,104	9,750
Construction in progress	2,325	2,214
Infrastructure	28,344	29,733
Total	\$ <u>127,284</u>	\$ <u>129,272</u>

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

The Town's fiscal-year 2011-12 budget anticipates a major addition to capital assets with the completion of the new fire headquarters. Additionally, the Town is leasing space for the public works operation and expects to receive a recommendation for a location on which to build a permanent site in the near future. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

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

At June 30, 2011, the Town had \$47,339 in bonds and notes outstanding versus \$39,240 last year - an increase of \$8,099 or approximately 20%. The Town anticipated this increase and has issued additional debt in fiscal year 2012.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, remains at Aa2, and represents the second rating increase from Moody's since 2001. The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$577 million.

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

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

The Town's elected and appointed officials considered many factors when adopting the fiscal-year 2011-2012 budget and corresponding tax rates. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the uncertainty with regard to State assistance and higher pension costs associated with years of sub-par investment returns and increased debt service costs. Falling interest rates and an overall decline in real estate sales and building permit activity were also incorporated into the budget plan. In developing the budget, Town officials acknowledged that property owners were faced with their own economic constraints and job insecurities associated with the recession. Faced with these challenges, officials sought to minimize the increase the Town's tax requirements while acknowledging that the demand for many municipal services would increase. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$93,658 for 2011-2012, which represents an increase of \$2,640 thousand or 2.9% as compared to the 2010-2011 budget as amended. Increased property taxes of approximately \$2,710 thousand combined with a \$2.8 million appropriation from fund balance will offset nontax revenue reductions.

## **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, 2011

	<b><u>Governmental Activities</u></b>
Assets:	
Cash and cash equivalents	\$ 35,980,509
Investments	4,815,416
Receivables, net	9,035,179
Inventory	21,387
Prepaid items	127,579
Net pension asset	361,464
Net OPEB asset	971,900
Capital assets not being depreciated	15,980,125
Capital assets being depreciated, net of accumulated depreciation	111,303,961
Total assets	<u>178,597,520</u>
Liabilities:	
Accounts and other payables	3,249,653
Unearned revenue	4,740,466
Other	225,107
Noncurrent liabilities:	
Due within one year	7,120,665
Due in more than one year	50,338,417
Total liabilities	<u>65,674,308</u>
Net Assets:	
Invested in capital assets, net of related debt	82,744,007
Restricted for Trusts:	
Expendable	148,125
Nonexpendable	100,420
Unrestricted	<u>29,930,660</u>
Total Net Assets	<u>\$ 112,923,212</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, 2011

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	\$ 9,246,499	\$ 1,098,125	\$ 44,828	\$	\$ (8,103,546)
Public safety	16,830,619	2,342,641	239,564		(14,248,414)
Public works and highway	13,445,076	3,318,069	501,890	37,357	(9,587,760)
Parks, recreation and libraries	3,287,817	325,677	70,146		(2,891,994)
Health and human services	3,240,868	424,634	1,070,431		(1,745,803)
Education	59,474,909	1,616,063	9,163,248		(48,695,598)
Interest expense	1,309,272		125,076		(1,184,196)
Total	<u>\$ 106,835,060</u>	<u>\$ 9,125,209</u>	<u>\$ 11,215,183</u>	<u>\$ 37,357</u>	<u>(86,457,311)</u>
General revenues:					
Property taxes					81,297,982
Grants and contributions not restricted to specific programs					1,186,052
Unrestricted investment earnings					285,402
Miscellaneous					332,365
Total general revenues					<u>83,101,801</u>
Change in net assets					(3,355,510)
Net Assets at Beginning of Year					<u>116,278,722</u>
Net Assets at End of Year					<u>\$ 112,923,212</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	<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	\$ 20,805,384	\$	\$ 2,208,220	\$ 5,655,875	\$ 28,669,479
Investments	4,577,106			238,310	4,815,416
Receivables, net	6,652,987	17,910	898,681	1,375,770	8,945,348
Due from other funds	1,800,006	2,986,384		80,000	4,866,390
Inventories				21,387	21,387
Other assets	29,144				29,144
Total Assets	<u>\$ 33,864,627</u>	<u>\$ 3,004,294</u>	<u>\$ 3,106,901</u>	<u>\$ 7,371,342</u>	<u>\$ 47,347,164</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 1,649,622	\$ 732,482	\$ 331	\$ 534,663	\$ 2,917,098
Due to other funds	3,656,009	1,880,006		60,000	5,596,015
Deferred revenue	10,087,310		898,681	1,002,566	11,988,557
Other	225,107				225,107
Total liabilities	<u>15,618,048</u>	<u>2,612,488</u>	<u>899,012</u>	<u>1,597,229</u>	<u>20,726,777</u>
Fund balances:					
Nonspendable	29,144			121,807	150,951
Restricted		391,806	2,207,889	1,279,483	3,879,178
Committed	61,088			4,391,217	4,452,305
Assigned	3,236,840				3,236,840
Unassigned	14,919,507			(18,394)	14,901,113
Total fund balances	<u>18,246,579</u>	<u>391,806</u>	<u>2,207,889</u>	<u>5,774,113</u>	<u>26,620,387</u>
Total Liabilities and Fund Balances	<u>\$ 33,864,627</u>	<u>\$ 3,004,294</u>	<u>\$ 3,106,901</u>	<u>\$ 7,371,342</u>	<u>\$ 47,347,164</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2011

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

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

Fund balances - total governmental funds	\$ 26,620,387
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 229,435,771	
Less accumulated depreciation	<u>(102,151,685)</u>	
Net capital assets		127,284,086

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

Net OPEB asset	971,900
Net pension asset	361,464
Property tax receivables greater than 60 days	2,120,069
Interest receivable on property taxes	978,049
Assessments receivable	1,075,482
Housing loans receivable	591,755
Receivable from the state for school construction projects	2,482,736
Bond issuance costs	98,435

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

5,252,347

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

Bonds and notes payable	(47,339,179)
Interest payable on bonds and notes	(206,428)
Compensated absences	(4,715,338)
Capital lease	(969,557)
Bond premium	(351,698)
Deferred charges on refunding	188,702
Landfill	<u>(1,520,000)</u>

Net Assets of Governmental Activities (Exhibit I)	<u><u>\$ 112,923,212</u></u>
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The accompanying notes are an integral part of the financial statements



## TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 81,300,414	\$	\$	\$	\$ 81,300,414
Assessments and interest			229,507	2,501,399	2,730,906
Intergovernmental	8,014,335	37,357		4,455,965	12,507,657
Charges for services	3,859,733			2,164,266	6,023,999
Income on investments	225,328	1,901	2,310	49,584	279,123
Miscellaneous	1,018,116	3,710		286,495	1,308,321
Total revenues	<u>94,417,926</u>	<u>42,968</u>	<u>231,817</u>	<u>9,457,709</u>	<u>104,150,420</u>
Expenditures:					
Current:					
General government	4,127,934	211,923		42,894	4,382,751
Public safety	10,400,708			366,803	10,767,511
Public works and highway	4,966,107		7,068	2,942,264	7,915,439
Parks, recreation and libraries	2,192,333	60,460		442,360	2,695,153
Health and human services	1,683,859			913,946	2,597,805
Education	52,066,037			5,138,311	57,204,348
Pension and insurance	9,364,613				9,364,613
Capital outlay		8,838,347			8,838,347
Debt service	5,995,578			39,813	6,035,391
Total expenditures	<u>90,797,169</u>	<u>9,110,730</u>	<u>7,068</u>	<u>9,886,391</u>	<u>109,801,358</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,620,757</u>	<u>(9,067,762)</u>	<u>224,749</u>	<u>(428,682)</u>	<u>(5,650,938)</u>
Other Financing Sources (Uses):					
Transfers in	395,000	3,393,409		826,482	4,614,891
Transfers out	(3,708,323)			(906,568)	(4,614,891)
Proceeds from bond issuance		12,770,000			12,770,000
Premium on refunding bond issuance	364,724				364,724
Proceeds from refunding bond issuance	6,155,000				6,155,000
Payments to escrow agents	(6,417,643)				(6,417,643)
Total other financing sources (uses)	<u>(3,211,242)</u>	<u>16,163,409</u>	<u>-</u>	<u>(80,086)</u>	<u>12,872,081</u>
Net Change in Fund Balances	409,515	7,095,647	224,749	(508,768)	7,221,143
Fund Balances at Beginning of Year, as Restated	<u>17,837,064</u>	<u>(6,703,841)</u>	<u>1,983,140</u>	<u>6,282,881</u>	<u>19,399,244</u>
Fund Balances at End of Year	<u>\$ 18,246,579</u>	<u>\$ 391,806</u>	<u>\$ 2,207,889</u>	<u>\$ 5,774,113</u>	<u>\$ 26,620,387</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2011

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund

Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 7,221,143
---	--------------

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

Capital outlay	3,149,001
Depreciation expense	(4,927,614)

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

	(209,168)
--	-----------

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

School building grant receipts	(651,307)
Property tax receivable - accrual basis change	41,865
Property tax interest and lien revenue - accrual basis change	(44,297)
Sewer assessment receivable - accrual basis change	(1,275)
Net OPEB asset	(499,500)
Housing loans receivable	(22,135)
Net pension asset	(133,279)

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

Bonds issued	(12,770,000)
Bond and note principal payments	4,506,201
Capital lease payments	184,056
Bond issuance costs	102,081
Refunding bonds issued	(6,155,000)
Payments to bond refunding agent	6,417,643
Premium on refunding	(364,724)

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

Compensated absences	(457,565)
Accrued interest	(60,300)
Amortization of deferred charge on refunding	(15,305)
Amortization of issuance costs	(3,646)
Amortization of bond premiums	13,026
Landfill post closure care	(177,000)

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

<u>1,501,589</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ (3,355,510)</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2011

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Cash and cash equivalents	\$ 7,311,030
Accounts receivable	89,831
Due from other funds	<u>729,625</u>
Total assets	<u>8,130,486</u>
Liabilities:	
Accounts and other payables	126,127
Risk management claims	<u>2,752,012</u>
Total liabilities	<u>2,878,139</u>
Net Assets:	
Unrestricted	\$ <u><u>5,252,347</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, 2011

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 11,340,190
Other	292,014
Total contributions	<hr/> 11,632,204
Operating Expenses:	
Benefit claims	8,925,420
Claims administration	1,211,480
Total operating expenses	<hr/> 10,136,900
Operating Income	1,495,304
Nonoperating Revenue:	
Income on investments	<hr/> 6,285
Change in Net Assets	1,501,589
Net Assets at Beginning of Year	<hr/> 3,750,758
Net Assets at End of Year	<hr/> <hr/> \$ 5,252,347

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, 2011

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 11,009,115
Cash payments to providers of benefits and administration	(9,981,201)
Net cash provided by operating activities	<u>1,027,914</u>
Cash Flows from Investing Activities:	
Income on investments	<u>6,285</u>
Net Increase in Cash and Cash Equivalents	1,034,199
Cash and Cash Equivalents at Beginning of Year	<u>6,276,831</u>
Cash and Cash Equivalents at End of Year	<u>\$ 7,311,030</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,495,304
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in receivables	(623,089)
Increase in accounts payable	<u>155,699</u>
Net Cash Provided by Operating Activities	<u>\$ 1,027,914</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, 2011

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
Assets:			
Cash and cash equivalents	\$ 650,122	\$ 813,282	\$ 1,523,323
Investments - mutual funds	9,634,430	4,030,671	350,550
Investments - bonds	7,550,457		139,057
Accounts receivable	5,326		
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>17,840,335</u>	<u>4,843,953</u>	<u>\$ 2,012,930</u>
Liabilities:			
Due to students and others			<u>\$ 2,012,930</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 2,012,930</u>
Net Assets:			
Held in Trust for Pension, or Retiree Benefits	<u>\$ 17,840,335</u>	<u>\$ 4,843,953</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN NET ASSETS

## FOR THE YEAR ENDED JUNE 30, 2011

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>
	<u>          </u>	<u>          </u>
Additions:		
Contributions:		
Employer	\$ 887,078	\$ 1,503,300
Plan members	245,192	645,946
Total contributions	<u>1,132,270</u>	<u>2,149,246</u>
Investment income:		
Net appreciation in fair value of investments	2,121,837	30,671
Interest and dividends	<u>578,740</u>	<u>4,272</u>
Net investment income	<u>2,700,577</u>	<u>34,943</u>
Total additions	<u>3,832,847</u>	<u>2,184,189</u>
Deductions:		
Benefits	863,409	1,474,246
Administration	<u>81,697</u>	<u>          </u>
Total deductions	<u>945,106</u>	<u>1,474,246</u>
Net Increase in Net Assets	2,887,741	709,943
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>14,952,594</u>	<u>4,134,010</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 17,840,335</u>	<u>\$ 4,843,953</u>

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.

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

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



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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

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

Investments for the Town are reported at fair value.

#### **E. Receivables and Payables**

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

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

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

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

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

## **G. Capital Assets**

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

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

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

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

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

## **H. 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**

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

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

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

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

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

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the First Selectman.

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

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

### **A. Budgetary Information**

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations from revised revenue estimates of \$183,360 for police special duty.

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

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

### **B. Deficit Fund Balance**

The Building Usage Fund, a nonmajor special revenue fund, had a deficit fund balance of \$25. The Heart and Hypertension Fund, an internal service fund, had a deficit of \$963,338. These deficits will be funded by future transfers, grants, charges for services or permanent financing.

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

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

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

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

## Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$22,700,279 of the Town’s bank balance of \$29,477,992 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,715,062
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name, and amounts held by third party banks in the Town’s name	<u>10,985,217</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 22,700,279</u>

## Cash Equivalents

At June 30, 2011, the Town's cash equivalents amounted to \$11,695,224. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

\*Not rated

## Investments

As of June 30, 2011, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
U.S. Treasury bonds	N/A	\$ 1,487,568	\$	\$ 1,034,318	\$ 453,250
Other debt securities	AAA	6,544,667	583,985	3,862,640	2,098,042
Corporate bonds	A-AAA	4,001,842		3,605,280	396,562
Corporate bonds	B-BBB-	215,681		215,681	
Total		12,249,758	\$ 583,985	\$ 8,717,919	\$ 2,947,854
Other investments:					
Common stock		17,992			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds		14,252,831			
Total Investments		\$ 26,520,581			

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

N/A Not applicable

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

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

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

*Custodial Credit Risk* - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2011, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

#### 4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 978,049	\$	\$	\$	\$ 978,049
Taxes	2,992,587				2,992,587
Accounts		17,910		102,169	120,079
Special assessments	520,515		898,681	176,801	1,595,997
Intergovernmental	2,675,453			600,202	3,275,655
Loans				591,755	591,755
Gross receivables	<u>7,166,604</u>	<u>17,910</u>	<u>898,681</u>	<u>1,470,927</u>	<u>9,554,122</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 6,652,987</u>	<u>\$ 17,910</u>	<u>\$ 898,681</u>	<u>\$ 1,470,927</u>	<u>\$ 9,040,505</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	\$ 2,120,069	\$
Accrued interest	978,049	
Special assessments not yet due	1,075,482	
Grant drawdowns and unearned fees		731,289
School building grants	2,482,736	
Housing loans	591,755	
Advance tax collections and over collections		<u>4,009,177</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 7,248,091</u>	<u>\$ 4,740,466</u>



## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 12,887,869	\$ 170,000	\$	\$	\$ 13,057,869
Intangible assets		596,800			596,800
Construction in progress	2,213,536	1,497,424	(1,385,504)		2,325,456
Total capital assets not being depreciated	<u>15,101,405</u>	<u>2,264,224</u>	<u>(1,385,504)</u>	<u>-</u>	<u>15,980,125</u>
Capital assets being depreciated:					
Buildings and improvements	102,490,413	220,332	1,385,504	(433,715)	103,662,534
Improvements other than buildings	1,527,153	18,905			1,546,058
Machinery and equipment	23,256,533	534,514		(113,866)	23,677,181
Infrastructure	84,458,847	111,026			84,569,873
Total capital assets being depreciated	<u>211,732,946</u>	<u>884,777</u>	<u>1,385,504</u>	<u>(547,581)</u>	<u>213,455,646</u>
Less accumulated depreciation for:					
Buildings and improvements	28,664,545	2,194,767		(236,606)	30,622,706
Improvements other than buildings	666,414	63,984			730,398
Machinery and equipment	13,506,099	1,168,815		(101,807)	14,573,107
Infrastructure	54,725,426	1,500,048			56,225,474
Total accumulated depreciation	<u>97,562,484</u>	<u>4,927,614</u>	<u>-</u>	<u>(338,413)</u>	<u>102,151,685</u>
Total capital assets being depreciated, net	<u>114,170,462</u>	<u>(4,042,837)</u>	<u>1,385,504</u>	<u>(209,168)</u>	<u>111,303,961</u>
Governmental Activities Capital Assets, Net	<u>\$ 129,271,867</u>	<u>\$ (1,778,613)</u>	<u>\$ -</u>	<u>\$ (209,168)</u>	<u>\$ 127,284,086</u>

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

Governmental activities:	
General government	\$ 139,223
Public safety	466,715
Public works	2,761,058
Parks, recreation and libraries	62,842
Health and welfare	33,559
Education	<u>1,464,217</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,927,614</u>

## Active Capital Projects

The Town has active projects as of June 30, 2011. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
BOE TriGeneration Project	\$ 1,021,600	\$ 1,021,600	\$	\$
Branford HS Track	400,000	369,199		30,801
High School Renovations	26,577,000	26,568,026		8,974
WIS Roof & Window Replacement	2,100,000	1,616,303	294,800	188,897
Capital Projects Fund	20,510,601	14,653,715	218,398	5,638,488
Blackstone Library Renovations	1,165,000	1,063,785	6,994	94,221
Queach Property Acq.	3,795,000	3,795,000		
Tabor Drive Acquisition	13,875,000	13,487,512	41,015	346,473
Town Hall Renovation	3,615,000	3,613,024		1,976
Fire Apparatus Fund	2,832,498	2,549,920		282,578
Trolley Trail	51,329	49,402		1,927
DPW Apparatus	769,727	542,953		226,774
Ambulance Fund	884,551	798,808		85,743
Elderly Commission Vehicle Replacement	80,000	38,082		41,918
Municipal Facilities Fund	13,675,515	2,189,139	9,975,728	1,510,648
Board of Education Facilities Fund	265,350	229,511		35,839
Land Acquisition Fund	780,000	766,800		13,200
Infrastructure Enhancement Fund	2,250,000	6,500		2,243,500

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2011 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	Capital Project Fund	\$ 80,000
General Fund	Capital Project Fund	1,800,006
Capital Project Fund	Nonmajor Governmental Funds	60,000
Capital Project Fund	General Fund	2,926,384
Internal Service Fund	General Fund	<u>729,625</u>
Total		<u>\$ 5,596,015</u>

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

Interfund transfers:

	<b>Transfers In</b>			<b>Total Transfers Out</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	
Transfers out:				
General Fund	\$	\$ 2,881,841	\$ 826,482	\$ 3,708,323
Nonmajor Governmental	395,000	511,568		906,568
<b>Total Transfers In</b>	<b>\$ 395,000</b>	<b>\$ 3,393,409</b>	<b>\$ 826,482</b>	<b>\$ 4,614,891</b>

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

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Bonds payable:					
General obligation bonds	\$ 18,435,000	\$ 18,925,000	\$ 9,445,000	\$ 27,915,000	\$ 4,045,000
Clean water notes	20,805,380		1,381,201	19,424,179	1,409,081
Less deferred amounts:					
On refunding	(106,364)	(97,643)	(15,305)	(188,702)	
For issuance premiums		364,724	13,026	351,698	
<b>Total bonds and notes payable</b>	<b>39,134,016</b>	<b>19,192,081</b>	<b>10,823,922</b>	<b>47,502,175</b>	<b>5,454,081</b>
Landfill closure	1,343,000	177,000		1,520,000	146,667
Compensated absences	4,257,773	499,064	41,499	4,715,338	151,350
Risk management claims	2,715,176	36,836		2,752,012	1,176,798
Capital leases	1,153,613		184,056	969,557	191,769
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$ 48,603,578</b>	<b>\$ 19,904,981</b>	<b>\$ 11,049,477</b>	<b>\$ 57,459,082</b>	<b>\$ 7,120,665</b>

A schedule of bonds and notes outstanding at June 30, 2011 is presented below:

	<u>Balance June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Refunding Retirements</u>	<u>Balance June 30, 2011</u>
General Obligation:					
School, 0.85-4.0%, mature in 2015	\$ 4,720,000		\$ 1,195,000		\$ 3,525,000
School, 2.0-4.0%, mature on 2015		2,443,000			2,443,000
School, 0.85-4.0%, mature in 2018	972,000		13,000		959,000
School, 4.0-5.0%, mature in 2019	3,198,000		706,000	2,492,000	-
School, 4.0-5.0%, mature in 2025		2,000,000			2,000,000
Public improvement sewer, 0.85-4.0%, mature in 2018	1,947,000		28,000		1,919,000
Public improvement, 2.0-4.0%, mature in 2018		3,592,000			3,592,000
Public improvement, 4.0-5.0%, mature in 2019	1,512,000		534,000	978,000	-
Public improvement, 3.375-5.0%, mature in 2022	2,975,000		250,000	2,725,000	-
Public improvement, 3.375-5.0%, mature in 2025		10,770,000			10,770,000
Special Assessment:					
Sewer, 3.4-5.0%, mature in 2016	150,000		25,000	125,000	-
Sewer, 2.0-4.0%, mature in 2016		120,000			120,000
Sewer, 0.85-4.0%, mature in 2018	2,591,000		39,000		2,552,000
Sewer, 4.0-5.0%, mature in 2019	300,000		300,000		-
Water, 6.8-7.5%, mature in 2012	70,000		35,000		35,000
<b>Total Bonds</b>	<b>18,435,000</b>	<b>18,925,000</b>	<b>3,125,000</b>	<b>6,320,000</b>	<b>27,915,000</b>
State of Connecticut, CWF, 2%,					
mature in 2013	45,017		15,570		29,447
State of Connecticut, CWF, 2%, mature in 2019	611,067		68,816		542,251
State of Connecticut, CWF, 2%, mature in 2022	12,630,737		919,181		11,711,556
State of Connecticut, CWF, 2% mature in 2027	5,299,249		270,635		5,028,614
State of Connecticut, CWF, 2% mature in 2028	2,219,310		106,999		2,112,311
<b>Total Bonds and Notes</b>	<b>\$ 39,240,380</b>	<b>\$ 18,925,000</b>	<b>\$ 4,506,201</b>	<b>\$ 6,320,000</b>	<b>\$ 47,339,179</b>

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>
2012	\$ 5,454,082	\$ 1,124,057	\$ 6,578,139
2013	5,149,799	1,009,450	6,159,249
2014	5,315,004	855,886	6,170,890
2015	4,329,272	714,895	5,044,167
2016	3,804,130	589,637	4,393,767
2017-2021	14,332,926	1,757,591	16,090,517
2022-2026	8,484,316	499,498	8,983,814
2027-2028	469,650	5,393	475,043
<b>Total</b>	<b>\$ 47,339,179</b>	<b>\$ 6,556,407</b>	<b>\$ 53,895,586</b>

## Clean Water Fund Notes

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

## General Obligation Bonds and Notes

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

## Refundings

On March 14, 2011, the Town issued \$6,155,000 in general obligation bonds, with an average interest rate of 3.57% to refund outstanding bonds with an average rate of 4.29%. The bonds refunded were as follows: \$3,720,000 of outstanding 2001 general obligation bonds, and \$2,600,000 of outstanding 2006 general obligation bonds. The net proceeds of \$6,417,643 (after payment of \$108,021) were deposited with an escrow agent in an irrevocable trust fund. The proceeds were used to buy a portfolio of direct obligations of, or obligations guaranteed by the United States of America, to provide all future debt service payments on the refunded bonds. The refunded bonds are considered defeased and the liability for those bonds have been removed from the statement of net assets. The transaction generated a cash flow savings of \$401,729 and a present value savings of \$359,638.

In prior years, and the current year, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town’s financial statements. At June 30, 2011, \$-0- of the defeased debt is outstanding.

## Bonds Authorized Unissued

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued and Paydowns</u>	<u>Bonds Authorized Unissued</u>
Tabor Drive	\$ 13,875,000	\$ 10,900,000	\$ 2,975,000
WIS Roof and Windows	2,100,000	1,714,897	385,103
School Ground and Road Bridge	2,250,000	333,875	1,916,125

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

<u>Category</u>	<u>(In Thousands)</u>		
	<u>Debt Limit</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 185,435	\$ 19,256	\$ 166,179
Schools	370,870	8,745**	362,125
Sewers	309,058	22,096	286,962
Urban renewal	267,851		267,851
Pension deficit	247,247		247,247

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$576,909.

\* Includes bonds authorized unissued (\$5,276) and excludes water bonds outstanding of \$35.

\*\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$2,483.

**Capital Leases**

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2011 were \$184,056. The following is a summary of capital lease commitments as of June 30, 2011.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 228,988
2013	228,987
2014	228,988
2015	108,003
2016	108,003
2017-2018	180,005
Total minimum lease payments	1,082,974
Less amount representing interest	(113,417)
Present Value of Minimum Lease Payments	\$ <u>969,557</u>

## 8. RISK MANAGEMENT

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

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

The claims liability of \$944,321 reported in the Internal Service Fund at June 30, 2011 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:

	<u>Liability</u> <u>July 1,</u>		<b>Current Year</b> <b>Claims</b> <b>and Changes</b> <b>in Estimates</b>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
2010-11	\$ 950,959	\$	717,330	\$	723,968	\$	944,321
2009-10	639,726		968,030		656,797		950,959

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,302,550 at June 30, 2011 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:

	<u>Liability</u> <u>July 1,</u>		<b>Current Year</b> <b>Claims</b> <b>and Changes</b> <b>in Estimates</b>		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
2010-11	\$ 1,180,597	\$	365,304	\$	243,351	\$	1,302,550
2009-10	959,517		555,831		334,751		1,180,597

The Town created the Medical Self-Insurance Fund at the end of 2006. The fund will be used to pay claims for prescription drug costs and dental benefits. The claims liability of \$505,141 at June 30, 2011 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:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2010-11	\$ 583,620	\$ 10,585,959	\$ 10,664,438	\$ 505,141
2009-10	167,586	7,380,143	6,964,109	583,620

## 9. 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 2009/2010 fiscal year approximately one additional acre was capped. The total area of the landfill for which final cover has been applied is estimated at 95%.

It is anticipated that the placement of bulky waste will continue at the front of the landfill until the summer of 2013, with closure costs incurred into fiscal 12/13. 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 \$165,172 including encumbrances.

Based upon Town estimates, it is anticipated that future closure costs, including building demolition and grading at the toe-of slope will be approximately \$230,000. Associated engineering costs including but not limited to the landfill gas investigation, closure plan, post closure land use planning, survey, design, bid assistance, construction administration, and closure certification report is approximately \$90,000. These estimates do not include post-closure costs. Improvements to stormwater quality, landfill gas mitigation, and any additional closure requirements to comply with DEP regulations might be required as part of closure activities, and is not included in the above estimate. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$40,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes 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 10/11 on this sort of environmental mitigation. Site investigations for a possible public works complex on this parcel are not addressed in this note. 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 and Grading Cost	\$ 230,000
Engineering Costs	90,000
Postclosure Care Costs (30 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	495,000
Monitoring Program, Groundwater, Methane & Stormwater (\$23,500 annually)	<u>705,000</u>
 Total	 <u><u>\$ 1,520,000</u></u>

**10. JOINT VENTURES**

**Bristol Resource Recovery Facility Operating Committee**

The Town is a participant with 13 other cities and towns in a joint venture, the Bristol Resource Recovery Facility Operating Committee (BRRFOC). BRRFOC was created pursuant to an Inter-Community Agreement to exercise certain rights on behalf of contracting municipalities in dealing with the waste-to-energy plant built by Ogden Martin Systems of Bristol, Inc. (now Covanta Bristol, Inc.). The governing board consists of Town officials appointed by each of the participating municipalities, and assumes all the management decisions. The Town of Branford has an obligation to appropriate funds in amounts necessary to fulfill its obligations created pursuant to the Intercommunity Agreement dated as of August 15, 1985. These obligations deal with guarantees to meet certain tonnage requirements. The Town expenditures to BRRFOC amounted to \$834,448 this year. General Fund fund balance for fiscal year ended June 30, 2011 as reflected in BRRFOC’s financial statements is \$10.8 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 BRRFOC does not perform its obligations under the service agreement, and Ogden Corporation (now Covanta Bristol, Inc.) fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee.

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

## 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Police Employees Retirement Plan

#### A. Plan Description

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

The Town provides police retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all regular members of the Police Department are eligible. Participants are 100% vested after five years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three years immediately prior to retirement multiplied by up to 33-1/3 years of service. Police officers are required to contribute 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, 2009 (date of latest valuation), PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	33
Terminated employees entitled to benefits but not yet receiving them	4
Active plan members	<u>51</u>
Total	<u><u>88</u></u>

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

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

**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 12.9% of covered payroll.

### 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	\$ 1,014,103
Interest on net pension obligation	(37,106)
Adjustment to annual required contribution	<u>43,360</u>
Annual pension cost	1,020,357
Contributions made	<u>887,078</u>
Increase in net pension obligation	133,279
Net pension asset at beginning of year	<u>(494,743)</u>
Net Pension Asset at End of Year	\$ <u><u>(361,464)</u></u>

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

Actuarial valuation date	July 1, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	22 years closed
Asset valuation method	5 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	7.5%
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>
6/30/09	\$ 774,619	104.2%	\$ (188,706)	\$ 806,769
6/30/10	795,829	138.5	(494,743)	1,101,866
6/30/11	1,020,357	86.9	(361,464)	887,078

## Pension Plan Required Supplementary Information

### Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) -Entry Age (b)</u>	<u>(Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/01/05	\$ 11,206,696	\$ 15,525,603	\$ (4,318,907)	72.2%	\$ 3,353,416	128.8%
7/01/07	14,044,381	18,061,498	(4,017,117)	77.8	3,506,416	114.6
7/01/09	15,681,847	20,691,823	(5,009,976)	75.8	3,993,027	125.5

### Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/06	\$ 707,592	95%
6/30/07	724,950	108
6/30/08	781,134	103
6/30/09	773,105	104
6/30/10	793,742	139
6/30/11	1,014,103	87

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 10.58% 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, 2011, 2010 and 2009 were \$1,683,907, \$1,303,939 and \$1,153,600, respectively, equal to the required contributions for each year.

## **Teacher Retirement**

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

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

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$32,487,529.

The retirement system for teachers is funded by the State of Connecticut based upon the recommendation of the Teachers' Retirement Board. Such contribution includes amortization of actuarially computed unfunded liability. The Town does not have any liability for teacher pensions. For the year ended June 30, 2011, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$3,772,460 as payments made by the State of Connecticut on behalf of the Town.

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

## **12. OTHER POSTEMPLOYMENT BENEFITS**

### **Summary of Significant Accounting Policies**

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

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

## A. Plan Description

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

At July 1, 2010, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired members and spouses	136
Active plan members	<u>564</u>
Total Participants	<u><u>700</u></u>

## B. Funding Policy

The Town of Branford's funding and payment of postemployment benefits are accounted for in both the General Fund and in an Internal Service Fund on a pay-as-you-go basis. The Town has established a trust effective July 2009 to irrevocably segregate assets to fund the liability associated with postemployment benefits in accordance with GASB guidelines. The Town has transferred the assets accumulated in a special revenue fund to the trust fund and will gradually increase future contributions to provide for normal cost and the amortization of the accrued liability while maintaining a negative net OPEB obligation (asset).

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

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

### C. Annual OPEB Cost and Net OPEB Obligations

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

	<b>Retiree Benefit Program</b>
Annual required contribution (ARC)	\$ 1,997,300
Interest on net OPEB obligation	(110,400)
Adjustment to annual required contribution	115,900
Annual OPEB cost	2,002,800
Contributions made	1,503,300
Increase in net OPEB obligation	499,500
Net OPEB asset at beginning of year	(1,471,400)
Net OPEB Asset at End of Year	\$ (971,900)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2011, 2010 and 2009, are presented below.

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost (AOC)</b>	<b>Actual Contribution</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Asset</b>
6/30/11	\$ 2,002,800	\$ 1,503,300	75.06%	\$ 971,900
6/30/10	1,963,400	1,285,645	65.48%	1,471,400
6/30/09	1,818,900	3,968,100	218.16%	2,149,200

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

## Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
7/1/08	\$ -	\$ 16,496,800	\$ (16,496,800)	0%	\$ 41,807,100	(39.46%)
7/1/10	4,134,000	17,271,300	(13,137,300)	23.94%	39,028,800	(33.66%)

## Schedule of Employer Contribution

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/11	\$ 1,997,300	75.27%
6/30/10	1,955,400	65.48%
6/30/09	1,818,900	218.16%

In the July 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.5% investment rate of return as a trust fund is in existence, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 0% to 4.2%. The general inflation assumption is 10% for 2010, declining 1% per year until 2015, where it is carried at 5% for 2015 and future years. The UAAL is being amortized as a level percentage of projected unit credit on an open basis.



### 13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2011 are as follows:

	General Fund	Major Special Revenue Funds		Nonmajor Governmental Funds	Total
		Sewer Assessments	Capital Projects		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 21,387	\$ 21,387
Prepaid items	29,144				29,144
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		391,806	2,207,889		2,599,695
Unspent grant balances				1,093,199	1,093,199
Cat room expansion				38,159	38,159
Permanent funds				148,125	148,125
Committed to:					
General government				386,903	386,903
Public safety				99,436	99,436
Public works and highway				2,901,772	2,901,772
Parks, recreation and libraries				442,511	442,511
Health and human services				553,691	553,691
Education	61,088			6,904	67,992
Assigned to:					
Subsequent year budget	2,825,000				2,825,000
General government	279,088				279,088
Public safety	62,718				62,718
Public works and highway	62,901				62,901
Parks, recreation and libraries	6,935				6,935
Health and human services	198				198
Unassigned	14,919,507			(18,394)	14,901,113
Total Fund Balances	\$ 18,246,579	391,806	2,207,889	5,774,113	26,620,387

Significant encumbrances at June 30, 2011 are contained in the above table in the assigned category of the General Fund, and the restricted category of the Capital Projects Fund.

#### 14. PRIOR PERIOD ADJUSTMENTS

During the year, the Town implemented GASB Statement No. 54. This required the Town to review their special revenue funds and determine if they have a revenue source that is restricted or committed for a specific purpose. This revenue source also needs to constitute a substantial portion of the resources in the fund. As a result the board of education severance fund, a non-major special revenue fund did not meet those requirements and is now reported as part of the general fund. Additionally the revaluation and open space funds (non-major special revenue funds) did not meet these requirements and are now reported as part of the capital projects fund.

	<u>General Fund</u>	<u>Major Fund Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Balance June 30, 2010	\$ 17,776,116	\$ (7,642,795)	\$ 7,282,783
Reclassification to General Fund	60,948		(60,948)
Reclassification to Capital Projects Fund		<u>938,954</u>	<u>(938,954)</u>
Restated Fund Balance, June 30, 2010	<u>\$ 17,837,064</u>	<u>\$ (6,703,841)</u>	<u>\$ 6,282,881</u>

#### 15. LITIGATION

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

#### 16. SUBSEQUENT EVENTS

The Town issued \$13,080,000 of general obligation bonds dated August 18, 2011 for various projects. The bonds will mature serially from 2012-2026 and bear interest at rates ranging from 2% to 4%. The Town also issued \$2,975,000 of general obligation bond anticipation notes dated August 18, 2011. The notes will mature on August 16, 2012 and bear interest at a rate of 1.5%.

## 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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 78,921,150	\$ 78,921,150	\$ 79,502,818	\$ 581,668
Interest Income	500,000	500,000	579,205	79,205
Lien Fees	8,000	8,000	6,093	(1,907)
Suspense Collections	20,000	20,000	7,734	(12,266)
Delinquent Taxes	625,000	625,000	1,199,655	574,655
Warrant Fees			4,909	4,909
Total taxes	<u>80,074,150</u>	<u>80,074,150</u>	<u>81,300,414</u>	<u>1,226,264</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,583,186	1,583,186	1,500,376	(82,810)
School Transportation	175,000	175,000	88,953	(86,047)
Health and Welfare	28,236	28,236	11,172	(17,064)
Principal Subsidy	352,458	352,458	651,307	298,849
Interest Subsidy	77,215	77,215	125,076	47,861
Circuit Breaker Elderly	215,000	215,000	210,447	(4,553)
Elderly Tax Relief - Freeze	11,000	11,000	11,500	500
Boat Exemption			79,509	79,509
Disability Exemption	2,400	2,400	2,805	405
Veterans' Reimbursement	26,000	26,000	26,457	457
Manufacturing PILOT Grant	368,429	368,429	304,496	(63,933)
Pequot Grant	80,465	80,465	57,808	(22,657)
Private Property Exemption	110,073	110,073	116,750	6,677
State Property Exemption	50,723	50,723	57,228	6,505
State Counseling Grants	120,000	120,000	114,270	(5,730)
Miscellaneous State Grants			34,944	34,944
Municipal Video Competition Grant			11,843	11,843
Wildlife Refuge	2,000	2,000	1,605	(395)
North Branford Sewer Fees	150,000	150,000	185,643	35,643
Total intergovernmental revenues	<u>3,352,185</u>	<u>3,352,185</u>	<u>3,592,189</u>	<u>240,004</u>

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## TOWN OF BRANFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 435,000	\$ 435,000	\$ 428,539	\$ (6,461)
Excavation Permits			6,300	6,300
Sewer Connection Permits	150	150	92	(58)
Other Licenses and Permits	100	100		(100)
Zoning Board of Appeals	5,000	5,000	4,000	(1,000)
Planning and Zoning	15,000	15,000	19,653	4,653
Map Copies - Building and Engineering	658	658	1,141	483
Inland Wetlands Applications	8,000	8,000	5,735	(2,265)
Inland Wetlands Citations	1,500	1,500		(1,500)
DEP Application Costs			328	328
Education Fee			339	339
Transfer Station Escrow	46,000	46,000	116,393	70,393
Trip Passes	2,600	2,600	2,533	(67)
Sticker Revenue			10,900	10,900
Permits and Tags - Police	12,000	12,000	17,625	5,625
Special Wages - Police	350,000	533,360	730,967	197,607
False Alarm Fees	6,850	6,850	7,000	150
Pump Out Services	7,000	7,000	5,400	(1,600)
Town Clerk Other Monies	260,000	260,000	325,447	65,447
Conveyance Taxes	350,000	350,000	281,856	(68,144)
DEP Licenses - Town Portion	690	690	972	282
Marriage Licenses - Town Portion	2,000	2,000	2,884	884
Dog Licenses	5,000	5,000	11,868	6,868
Ambulance Service Fees	1,425,000	1,425,000	1,477,156	52,156
Miscellaneous Permits and Fees - Fire Services			2,045	2,045
Counseling Fees and Services	415,000	415,000	398,353	(16,647)
Counseling - United Way Contribution			42	42
Conservation Commission			85	85
E-Commerce Revenue Share			2,080	2,080
Total licenses, permits and fees	<u>3,347,548</u>	<u>3,530,908</u>	<u>3,859,733</u>	<u>328,825</u>

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## TOWN OF BRANFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Interest Income	\$ 177,000	\$ 177,000	\$ 225,188	\$ 48,188
Other:				
Willoughby - Wallace Library Fees	4,000	4,000	4,647	647
Willoughby - Passport Fees	2,000	2,000	1,455	(545)
Notary Fees			30	30
Employee Health Insurance Co-pay	345,000	345,000	349,086	4,086
In Lieu of Taxes - Telephone Access	148,000	148,000	98,685	(49,315)
In Lieu of Taxes - SCRW	190,000	190,000	220,367	30,367
Leases	3,000	3,000	4,003	1,003
Building Usage			2,250	2,250
NGO Revenue			369	369
Insurance Claims and Refunds	10,000	10,000	50,679	40,679
Miscellaneous Income	10,000	10,000	94,621	84,621
Sale of Town Property	60,000	60,000	165,677	105,677
Reimbursement Town Services			3,109	3,109
Board of Education - Tuition Reimbursement			23,013	23,013
Returned Check Fees			125	125
Under Liquidated Encumbrances			1,580	1,580
Total other	<u>772,000</u>	<u>772,000</u>	<u>1,019,696</u>	<u>247,696</u>
Total revenues	87,722,883	87,906,243	89,997,220	2,090,977
Other Financing Sources:				
Transfers in	<u>394,750</u>	<u>394,750</u>	<u>395,000</u>	<u>250</u>
Total Revenue and Other Financing Sources	<u>\$ 88,117,633</u>	<u>\$ 88,300,993</u>	90,392,220	<u>\$ 2,091,227</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.

3,772,460

Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.

(1,580)

The Town does not budget for Board of Education severance fund revenues.

140

The Town does not budget for proceeds from the issuance of refunding bonds.

6,155,000

The Town does not budget for premiums on refunding bond issuance.

364,724

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.

649,686

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

\$ 101,332,650

## 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, 2011

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
General Government:				
Legislative	\$ 16,900	\$ 16,900	\$ 16,116	\$ 784
Executive	335,186	335,186	324,021	11,165
Finance	74,006	74,006	61,569	12,437
Treasurer	373,008	378,299	374,501	3,798
Assessor	378,939	373,648	344,169	29,479
Review of Assessment	19,154	19,154	15,130	4,024
Tax Collector	292,270	292,270	235,287	56,983
Town Clerk	219,229	219,229	217,639	1,590
Law	447,400	447,400	415,053	32,347
Labor Relations Negotiations	70,000	70,000	50,563	19,437
Probate Court	12,000	12,000	10,873	1,127
Elections	103,933	132,933	131,414	1,519
Planning and Zoning	269,990	269,990	259,368	10,622
Zoning Board of Appeals	8,478	8,478	6,561	1,917
Development Commission	11,150	11,150	11,038	112
Inland Wetlands Commission	99,437	99,437	83,004	16,433
General Government Buildings	769,427	794,877	747,346	47,531
Cable Television	4,700	4,700	3,235	1,465
Electronic Data Processing	610,166	610,816	609,890	926
Human Resources	229,924	232,224	222,225	9,999
Total	<u>4,345,297</u>	<u>4,402,697</u>	<u>4,139,002</u>	<u>263,695</u>
Public Safety:				
Police Service	5,271,548	5,366,619	5,364,394	2,225
Police Service - Special Detail	350,000	533,360	533,359	1
Fire Protection	4,473,824	4,473,824	4,409,376	64,448
Building Department	151,884	151,884	148,941	2,943
Total	<u>10,247,256</u>	<u>10,525,687</u>	<u>10,456,070</u>	<u>69,617</u>
Public Works and Highways:				
Public Works	2,112,623	2,112,623	2,027,444	85,179
Sanitation and Waste	2,964,860	2,819,860	2,725,209	94,651
General Engineering	249,501	249,501	238,970	10,531
Total	<u>5,326,984</u>	<u>5,181,984</u>	<u>4,991,623</u>	<u>190,361</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, 2011

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Recreation:				
Branford Recreation Department	\$ 803,779	\$ 803,779	\$ 791,443	\$ 12,336
Parker Park	66,369	66,369	58,720	7,649
Young's Park Commission	8,273	8,273	8,273	-
Docks and Recreational Facilities	10,821	10,821	8,405	2,416
Public Celebration	29,386	29,386	25,991	3,395
Conservation Commission	6,157	6,157	5,138	1,019
Total	<u>924,785</u>	<u>924,785</u>	<u>897,970</u>	<u>26,815</u>
Libraries:				
James Blackstone Memorial Library	1,074,100	1,109,373	1,109,373	-
Willoughby-Wallace Library	194,817	194,817	190,268	4,549
Total	<u>1,268,917</u>	<u>1,304,190</u>	<u>1,299,641</u>	<u>4,549</u>
Health and Welfare:				
Human Services	1,183,606	1,183,606	1,167,754	15,852
Commission for the Elderly	355,753	355,753	320,926	34,827
East Shore District Health	195,377	195,377	195,377	-
Total	<u>1,734,736</u>	<u>1,734,736</u>	<u>1,684,057</u>	<u>50,679</u>
Board of Education	<u>47,738,219</u>	<u>47,738,219</u>	<u>47,643,891</u>	<u>94,328</u>
Pension and Insurance:				
Pension and Contributions	3,263,726	3,298,976	3,184,768	114,208
Employee Group Insurance	4,578,227	4,578,227	4,573,227	5,000
Municipal Insurance	1,584,713	1,608,113	1,606,617	1,496
Contingency	522,070	79,295	-	79,295
Total	<u>9,948,736</u>	<u>9,564,611</u>	<u>9,364,612</u>	<u>199,999</u>
Debt Service:				
Principal Retirement	5,222,000	4,622,000	4,471,202	150,798
Interest and Fiscal Charges	1,518,761	1,518,761	1,422,295	96,466
Total	<u>6,740,761</u>	<u>6,140,761</u>	<u>5,893,497</u>	<u>247,264</u>
Total expenditures	<u>88,275,691</u>	<u>87,517,670</u>	<u>86,370,363</u>	<u>1,147,307</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, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 129,482	\$ 129,482	\$ 129,482	\$ -
Special Programs Fund	17,000	97,000	97,000	-
Sewer Utility Fund	600,000	600,000	600,000	-
Capital Projects Fund:				
Open Space Fund	30,300	30,300	30,300	-
Revaluation Fund	99,500	99,500	99,500	-
Ambulance	85,000	85,000	85,000	-
Fire Apparatus	100,000	100,000	100,000	-
Municipal Facilities Fund	-	635,000	660,000	-
Elderly Vehicles	40,000	40,000	40,000	-
DPW Apparatus	115,000	115,000	115,000	-
Capital Procurement Fund	1,525,660	1,752,041	1,752,041	-
Total other financing uses	<u>2,741,942</u>	<u>3,683,323</u>	<u>3,708,323</u>	<u>-</u>
Total Budgeted Operations	\$ <u>91,017,633</u>	\$ <u>91,200,993</u>	90,078,686	\$ <u>1,147,307</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.			3,772,460	
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.			649,686	
The Town does not budget for refunding bond payments to escrow agent.			6,417,643	
The Town does not budget for bond issuance costs on refunding.			102,081	
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>(97,421)</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>100,923,135</u>	



## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 20,805,384	\$ 16,747,350
Investments	4,577,106	4,496,866
Receivables:		
Taxes, net of allowance of \$513,617 for the years ended June 30, 2011 and 2010	2,478,970	2,465,771
Interest	978,049	1,022,346
Intergovernmental	2,675,453	3,324,788
Other	520,515	530,158
Due from other funds	1,800,006	2,738,544
Prepaid items	<u>29,144</u>	<u>42,364</u>
Total Assets	<u>\$ 33,864,627</u>	<u>\$ 31,368,187</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,649,622	\$ 1,762,970
Due to other funds	3,656,009	1,450,000
Deferred revenues	10,087,310	10,136,634
Other	<u>225,107</u>	<u>181,519</u>
Total liabilities	<u>15,618,048</u>	<u>13,531,123</u>
Fund balance:		
Nonspendable	29,144	42,364
Committed	61,088	60,948
Assigned	3,236,840	3,220,288
Unassigned	<u>14,919,507</u>	<u>14,513,464</u>
Total fund balance	<u>18,246,579</u>	<u>17,837,064</u>
Total Liabilities and Fund Balance	<u>\$ 33,864,627</u>	<u>\$ 31,368,187</u>

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2011

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Grand List	Uncollected Taxes July 1, 2010	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2011
						Taxes	Interest	Liens	Total	
1995	\$ 10,202	\$	\$	\$	\$ 10,202	\$	\$	\$	\$ -	\$ 10,202
1996	12,986				12,986	54			54	12,932
1997	15,378				15,378				-	15,378
1998	27,838				27,838	3,484	6,900	48	10,432	24,354
1999	19,495				19,495	3,667	6,600	53	10,320	15,828
2000	25,867				25,867	3,908	6,332	48	10,288	21,959
2001	28,918				28,918	4,445	7,721	48	12,214	24,473
2002	72,836				72,836	3,333	5,862	48	9,243	69,503
2003	90,112	(3,831)			86,281	9,353	8,854	139	18,346	76,928
2004	227,234	(791)		(133,500)	92,943	12,415	10,315	144	22,874	80,528
2005	227,766	(1,171)			226,595	22,692	12,256	144	35,092	203,903
2006	328,136	15,492			343,628	114,468	32,600	459	147,527	229,160
2007	519,103	36,919			556,022	280,399	65,554	1,071	347,024	275,623
2008	1,363,883	40,900			1,404,783	770,104	139,001	3,097	912,202	634,679
2009	81,107,265	(257,302)	(50,008)		80,799,955	79,502,818	263,838	5,702	79,772,358	1,297,137
	<u>\$ 84,077,019</u>	<u>\$ (169,784)</u>	<u>\$ (50,008)</u>	<u>\$ (133,500)</u>	<u>\$ 83,723,727</u>	80,731,140	565,833	11,001	81,307,974	<u>\$ 2,992,587</u>
				Suspense Collections		7,734	13,372		21,106	
				Total		<u>\$ 80,738,874</u>	<u>\$ 579,205</u>	<u>\$ 11,001</u>	<u>\$ 81,329,080</u>	

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

**JUNE 30, 2011**

	<u>Special Revenue</u>									
	<u>Board of Education</u>									
	<u>Water Assessment</u>	<u>Program</u>	<u>Day Care</u>	<u>Educational Grants</u>	<u>Cafeteria</u>	<u>Energy Efficiency</u>	<u>Building Usage</u>	<u>Small Cities Fund</u>	<u>Town Aid Road</u>	<u>Pass Through Grants</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 45,014	\$ 18,202	\$ 374,314	\$ 245,146	\$ 131,140	\$ 115	\$	\$ 66,517	\$ 338,935	\$
Investment										
Accounts receivable	22,477							591,755		
Intergovernmental				84,905	58,999					
Due from other funds						25				
Inventory					21,387					
<b>Total Assets</b>	<u>\$ 67,491</u>	<u>\$ 18,202</u>	<u>\$ 374,314</u>	<u>\$ 330,051</u>	<u>\$ 211,526</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 658,272</u>	<u>\$ 338,935</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable	\$	\$	\$ 5,891	\$ 93,919	\$ 208,508	\$	\$	\$ 1,462	\$ 10,605	\$
Due to other funds							25		60,000	
Deferred revenue	23,076			55,651				591,755		
<b>Total liabilities</b>	<u>23,076</u>	<u>-</u>	<u>5,891</u>	<u>149,570</u>	<u>208,508</u>	<u>-</u>	<u>25</u>	<u>593,217</u>	<u>70,605</u>	<u>-</u>
Fund Balance:										
Nonspendable					21,387					
Restricted				180,481				65,055	268,330	
Committed	44,415	18,202	368,423			140				
Unassigned					(18,369)		(25)			
<b>Total fund balance</b>	<u>44,415</u>	<u>18,202</u>	<u>368,423</u>	<u>180,481</u>	<u>3,018</u>	<u>140</u>	<u>(25)</u>	<u>65,055</u>	<u>268,330</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 67,491</u>	<u>\$ 18,202</u>	<u>\$ 374,314</u>	<u>\$ 330,051</u>	<u>\$ 211,526</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 658,272</u>	<u>\$ 338,935</u>	<u>\$ -</u>

(Continued on next page)

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

JUNE 30, 2011

	<u>Special Revenue</u>									
	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>	<u>Elderly Commission</u>	<u>Animal Control</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 525,941	\$ 504,573	\$ 115,124	\$ 1,468	\$ 439,515	\$ 124,266	\$ 6,904	\$ 9,495	\$ 2,596,933	\$ 5,543,602
Investment				100,538						100,538
Accounts receivable		7,012							154,324	775,568
Intergovernmental		22,268				26,084			407,946	600,202
Due from other funds		80,000								80,025
Inventory										21,387
Total Assets	<u>\$ 525,941</u>	<u>\$ 613,853</u>	<u>\$ 115,124</u>	<u>\$ 102,006</u>	<u>\$ 439,515</u>	<u>\$ 150,350</u>	<u>\$ 6,904</u>	<u>\$ 9,495</u>	<u>\$ 3,159,203</u>	<u>\$ 7,121,322</u>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable	\$ 18,451	\$ 34,520	\$ 948	\$ 800	\$ -	\$ 12,755	\$ -	\$ -	\$ 145,304	\$ 533,163
Due to other funds				0						60,025
Deferred revenue	166,185							9,357	156,542	1,002,566
Total liabilities	<u>184,636</u>	<u>34,520</u>	<u>948</u>	<u>800</u>	<u>-</u>	<u>12,755</u>	<u>-</u>	<u>9,357</u>	<u>301,846</u>	<u>1,595,754</u>
Fund Balance:										
Nonspendable										21,387
Restricted		579,333				38,159				1,131,358
Committed	341,305		114,176	101,206	439,515	99,436	6,904	138	2,857,357	4,391,217
Unassigned										(18,394)
Total fund balance	<u>341,305</u>	<u>579,333</u>	<u>114,176</u>	<u>101,206</u>	<u>439,515</u>	<u>137,595</u>	<u>6,904</u>	<u>138</u>	<u>2,857,357</u>	<u>5,525,568</u>
Total Liabilities and Fund Balance	<u>\$ 525,941</u>	<u>\$ 613,853</u>	<u>\$ 115,124</u>	<u>\$ 102,006</u>	<u>\$ 439,515</u>	<u>\$ 150,350</u>	<u>\$ 6,904</u>	<u>\$ 9,495</u>	<u>\$ 3,159,203</u>	<u>\$ 7,121,322</u>

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(Continued on next page)

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

**JUNE 30, 2011**

	Permanent Fund							
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant	Total	Transfers/ Interfunds	Total Nonmajor Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 931	\$ 5,046	\$ 5,151	\$ 38,069	\$ 63,076	\$ 112,273	\$	\$ 5,655,875
Investment	137,772					137,772		238,310
Accounts receivable						-		775,568
Intergovernmental						-		600,202
Due from other funds						-	(25)	80,000
Inventory						-		21,387
<b>Total Assets</b>	<b>\$ 138,703</b>	<b>\$ 5,046</b>	<b>\$ 5,151</b>	<b>\$ 38,069</b>	<b>\$ 63,076</b>	<b>\$ 250,045</b>	<b>\$ (25)</b>	<b>\$ 7,371,342</b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>Liabilities:</b>								
Accounts payable	\$ 1,500					\$ 1,500		\$ 534,663
Due to other funds						-	(25)	60,000
Deferred revenue						-		1,002,566
<b>Total liabilities</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>(25)</b>	<b>1,597,229</b>
<b>Fund Balance:</b>								
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420		121,807
Restricted	135,703	1,046	151	8,069	3,156	148,125		1,279,483
Committed						-		4,391,217
Unassigned						-		(18,394)
<b>Total fund balance</b>	<b>137,203</b>	<b>5,046</b>	<b>5,151</b>	<b>38,069</b>	<b>63,076</b>	<b>248,545</b>	<b>-</b>	<b>5,774,113</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 138,703</b>	<b>\$ 5,046</b>	<b>\$ 5,151</b>	<b>\$ 38,069</b>	<b>\$ 63,076</b>	<b>\$ 250,045</b>	<b>\$ (25)</b>	<b>\$ 7,371,342</b>

**TOWN OF BRANFORD, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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	<b>Special Revenue</b>									
	<b>Board of Education</b>							<b>Small Cities</b>	<b>Town Aid Road</b>	<b>Pass Through Grants</b>
<b>Water Assessment</b>	<b>Program</b>	<b>Day Care</b>	<b>Educational Grants</b>	<b>Cafeteria</b>	<b>Energy Efficiency</b>	<b>Building Usage</b>				
Revenues:										
Assessment income	\$ 1,146	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues				2,742,874	397,727			306,581	206,679	378,606
Sales and services		50,161	467,459		7,104	16,188		29,766		
Investment income	5		134					144	815	
Other	641									
Sale of food					796,291					
Total revenues	<u>1,792</u>	<u>50,161</u>	<u>467,593</u>	<u>2,742,874</u>	<u>1,201,122</u>	<u>16,188</u>	<u>336,491</u>	<u>207,494</u>	<u>378,606</u>	
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway									255,830	
Parks, recreation and libraries										
Health and human services								307,981		378,606
Education		46,175	463,563	3,294,436	1,254,262	23,250	10,944			
Debt service	39,813									
Total expenditures	<u>39,813</u>	<u>46,175</u>	<u>463,563</u>	<u>3,294,436</u>	<u>1,254,262</u>	<u>23,250</u>	<u>10,944</u>	<u>307,981</u>	<u>255,830</u>	<u>378,606</u>
Excess (Deficiency) of Revenues over Expenditures	(38,021)	3,986	4,030	(551,562)	(53,140)	(23,197)	5,244	28,510	(48,336)	-
Other Financing Sources (Uses):										
Transfers in										
Transfers out									(60,000)	
Net Change in Fund Balances	(38,021)	3,986	4,030	(551,562)	(53,140)	(23,197)	5,244	28,510	(108,336)	-
Fund Balances at Beginning of Year, as Restated	<u>82,436</u>	<u>14,216</u>	<u>364,393</u>	<u>732,043</u>	<u>56,158</u>	<u>23,337</u>	<u>(5,269)</u>	<u>36,545</u>	<u>376,666</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 44,415</u>	<u>\$ 18,202</u>	<u>\$ 368,423</u>	<u>\$ 180,481</u>	<u>\$ 3,018</u>	<u>\$ 140</u>	<u>\$ (25)</u>	<u>\$ 65,055</u>	<u>\$ 268,330</u>	<u>\$ -</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, 2011**

**Special Revenue**

	<b>Park and Recreation</b>	<b>Special Programs</b>	<b>Counseling Center</b>	<b>Willoughby Wallace Library</b>	<b>Elderly Commission</b>	<b>Animal Control</b>	<b>Foote</b>	<b>Summer Studies</b>	<b>Sewer Utility Fund</b>	<b>Total</b>
Revenues:										
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,500,253	\$ 2,501,399
Intergovernmental revenues		260,272		1,491		52,167			109,568	4,455,965
Sales and services	311,423	3,180				23,585		28,137	430,972	1,367,975
Investment income	932	349	225	4,865	572	149			14,509	22,752
Other	35,685	136,984	37,493	32,970	17,918	9,564	15,000		240	286,495
Sale of food										796,291
Total revenues	<u>348,040</u>	<u>400,785</u>	<u>37,718</u>	<u>39,326</u>	<u>18,490</u>	<u>85,465</u>	<u>15,000</u>	<u>28,137</u>	<u>3,055,542</u>	<u>9,430,877</u>
Expenditures:										
Current:										
General government		42,894								42,894
Public safety		161,534				205,269				366,803
<b>Public works and highway</b>		<b>282,848</b>							<b>2,403,586</b>	<b>2,942,264</b>
Parks, recreation and libraries	389,135	6,703		36,751						432,589
Health and human services		180,291	39,914		3,504					910,296
Education							10,566	34,240		5,137,436
Debt service										39,813
Total expenditures	<u>389,135</u>	<u>674,270</u>	<u>39,914</u>	<u>36,751</u>	<u>3,504</u>	<u>205,269</u>	<u>10,566</u>	<u>34,240</u>	<u>2,403,586</u>	<u>9,872,095</u>
Excess (Deficiency) of Revenues over Expenditures	(41,095)	(273,485)	(2,196)	2,575	14,986	(119,804)	4,434	(6,103)	651,956	(441,218)
Other Financing Sources (Uses):										
Transfers in		97,000				129,482			600,000	826,482
Transfers out	(15,000)	(27,568)							(804,000)	(906,568)
Net Change in Fund Balances	(56,095)	(204,053)	(2,196)	2,575	14,986	9,678	4,434	(6,103)	447,956	(521,304)
Fund Balances at Beginning of Year, as Restated	<u>397,400</u>	<u>783,386</u>	<u>116,372</u>	<u>98,631</u>	<u>424,529</u>	<u>127,917</u>	<u>2,470</u>	<u>6,241</u>	<u>2,409,401</u>	<u>6,046,872</u>
Fund Balances at End of Year	<u>\$ 341,305</u>	<u>\$ 579,333</u>	<u>\$ 114,176</u>	<u>\$ 101,206</u>	<u>\$ 439,515</u>	<u>\$ 137,595</u>	<u>\$ 6,904</u>	<u>\$ 138</u>	<u>\$ 2,857,357</u>	<u>\$ 5,525,568</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, 2011**

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	<u>Permanent Fund</u>					<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Damascus Cemetery</u>	<u>Leshine Scholarship</u>	<u>Caspar Block Scholarship</u>	<u>Gustaf Nelson Memorial</u>	<u>Caspar Block Special Recreation Grant</u>		
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$ -	\$ 2,501,399
Intergovernmental revenues						-	4,455,965
Sales and services						-	1,367,975
Investment income	26,554	12	12	88	166	26,832	49,584
Other						-	286,495
Sale of food						-	796,291
Total revenues	<u>26,554</u>	<u>12</u>	<u>12</u>	<u>88</u>	<u>166</u>	<u>26,832</u>	<u>9,457,709</u>
Expenditures:							
Current:							
General government						-	42,894
Public safety						-	366,803
<b>Public works and highway</b>						-	<b>2,942,264</b>
Parks, recreation and libraries					9,771	9,771	442,360
Health and human services	3,650					3,650	913,946
Education		250	125	500		875	5,138,311
Debt service						-	39,813
Total expenditures	<u>3,650</u>	<u>250</u>	<u>125</u>	<u>500</u>	<u>9,771</u>	<u>14,296</u>	<u>9,886,391</u>
Excess (Deficiency) of Revenues over Expenditures	22,904	(238)	(113)	(412)	(9,605)	12,536	(428,682)
Other Financing Sources (Uses):							
Transfers in							826,482
Transfers out							(906,568)
Net Change in Fund Balances	22,904	(238)	(113)	(412)	(9,605)	12,536	(508,768)
Fund Balances at Beginning of Year, as Restated	<u>114,299</u>	<u>5,284</u>	<u>5,264</u>	<u>38,481</u>	<u>72,681</u>	<u>236,009</u>	<u>6,282,881</u>
Fund Balances at End of Year	<u>\$ 137,203</u>	<u>\$ 5,046</u>	<u>\$ 5,151</u>	<u>\$ 38,069</u>	<u>\$ 63,076</u>	<u>\$ 248,545</u>	<u>\$ 5,774,113</u>



## TOWN OF BRANFORD, CONNECTICUT

## INTERNAL SERVICE FUND

## COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2011

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 4,568,052	\$ 2,403,766	\$ 339,212	\$ 7,311,030
Accounts receivable	89,831			89,831
Due from other funds	<u>729,625</u>			<u>729,625</u>
Total assets	<u>5,387,508</u>	<u>2,403,766</u>	<u>339,212</u>	<u>8,130,486</u>
Liabilities:				
Accounts payable	125,428	699		126,127
Claims incurred not reported	<u>505,141</u>	<u>944,321</u>	<u>1,302,550</u>	<u>2,752,012</u>
Total liabilities	<u>630,569</u>	<u>945,020</u>	<u>1,302,550</u>	<u>2,878,139</u>
Net Assets:				
Unrestricted	<u>\$ 4,756,939</u>	<u>\$ 1,458,746</u>	<u>\$ (963,338)</u>	<u>\$ 5,252,347</u>

## TOWN OF BRANFORD, CONNECTICUT

## INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 10,128,378	\$ 1,001,812	\$ 210,000	\$ 11,340,190
Others	278,980	13,034		292,014
Total operating revenues	<u>10,407,358</u>	<u>1,014,846</u>	<u>210,000</u>	<u>11,632,204</u>
Operating Expenses:				
Benefit claims	7,958,101	723,968	243,351	8,925,420
Claims administration	<u>1,153,613</u>	<u>57,867</u>		<u>1,211,480</u>
Total operating expenses	<u>9,111,714</u>	<u>781,835</u>	<u>243,351</u>	<u>10,136,900</u>
Operating Income (Loss)	1,295,644	233,011	(33,351)	1,495,304
Nonoperating Income - Interest Income	<u>3,100</u>	<u>2,682</u>	<u>503</u>	<u>6,285</u>
Change in Net Assets	1,298,744	235,693	(32,848)	1,501,589
Net Assets at Beginning of Year	<u>3,458,195</u>	<u>1,223,053</u>	<u>(930,490)</u>	<u>3,750,758</u>
Net Assets at End of Year	<u>\$ 4,756,939</u>	<u>\$ 1,458,746</u>	<u>\$ (963,338)</u>	<u>\$ 5,252,347</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Medical Fund</u>	<u>Workers' Compensation Fund</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received for benefits	\$ 9,668,590	\$ 1,095,525	\$ 245,000	\$ 11,009,115
Cash paid for benefits and administration	(9,064,765)	(789,359)	(127,077)	(9,981,201)
Net cash provided by operating activities	<u>603,825</u>	<u>306,166</u>	<u>117,923</u>	<u>1,027,914</u>
Cash Flows from Investing Activities:				
Interest income	<u>3,100</u>	<u>2,682</u>	<u>503</u>	<u>6,285</u>
Net Increase in Cash and Cash Equivalents	606,925	308,848	118,426	1,034,199
Cash and Cash Equivalents at Beginning of Year	<u>3,961,127</u>	<u>2,094,918</u>	<u>220,786</u>	<u>6,276,831</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,568,052</u>	<u>\$ 2,403,766</u>	<u>\$ 339,212</u>	<u>\$ 7,311,030</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,295,644	\$ 233,011	\$ (33,351)	\$ 1,495,304
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
Increase (decrease) in payables	46,949	(7,524)	116,274	155,699
(Increase) decrease in receivables	<u>(738,768)</u>	<u>80,679</u>	<u>35,000</u>	<u>(623,089)</u>
Net Cash Provided by Operating Activities	<u>\$ 603,825</u>	<u>\$ 306,166</u>	<u>\$ 117,923</u>	<u>\$ 1,027,914</u>

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Branford Conservation Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,586</u>	\$ <u>4</u>	\$ <u>-</u>	\$ <u>1,590</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,586</u>	\$ <u>4</u>	\$ <u>-</u>	\$ <u>1,590</u>
<b>Shellfish Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>102,260</u>	\$ <u>44,653</u>	\$ <u>2,017</u>	\$ <u>144,896</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>102,260</u>	\$ <u>44,653</u>	\$ <u>2,017</u>	\$ <u>144,896</u>
<b>Academy-On-The-Green</b>				
Assets:				
Cash and cash equivalents	\$ <u>35,167</u>	\$ <u>1,576</u>	\$ <u>1,989</u>	\$ <u>34,754</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>35,167</u>	\$ <u>1,576</u>	\$ <u>1,989</u>	\$ <u>34,754</u>

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## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Volunteer Firemen's Pension Fund</b>				
Assets:				
Cash and cash equivalents	\$ 10,596	\$ 1,095	\$	\$ 11,691
Investments	<u>242,645</u>	<u>106,044</u>	<u>32,195</u>	<u>316,494</u>
Total Assets	<u>\$ 253,241</u>	<u>\$ 107,139</u>	<u>\$ 32,195</u>	<u>\$ 328,185</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 253,241</u>	<u>\$ 107,139</u>	<u>\$ 32,195</u>	<u>\$ 328,185</u>
<b>Branford Medical Transit</b>				
Assets:				
Cash and cash equivalents	<u>\$ 21,213</u>	<u>\$ 15,281</u>	<u>\$ 10,011</u>	<u>\$ 26,483</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 21,213</u>	<u>\$ 15,281</u>	<u>\$ 10,011</u>	<u>\$ 26,483</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, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Commission on Services For the Elderly</b>				
Assets:				
Cash and cash equivalents	\$ 59,403	\$ 105,229	\$ 94,180	\$ 70,452
Liabilities:				
Due to students, employees and other groups	\$ 59,403	\$ 105,229	\$ 94,180	\$ 70,452
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ 546,629	\$ 2,354,399	\$ 2,203,943	\$ 697,085
Investments	119,340	53,773		173,113
Total Assets	\$ 665,969	\$ 2,408,172	\$ 2,203,943	\$ 870,198
Liabilities:				
Due to students, employees and other groups	\$ 665,969	\$ 2,408,172	\$ 2,203,943	\$ 870,198

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## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Developer Bond Funds</b>				
Assets:				
Cash and cash equivalents	\$ 514,286	\$ 55,331	\$ 33,245	\$ 536,372
Liabilities:				
Due to students, employees and other groups	\$ 514,286	\$ 55,331	\$ 33,245	\$ 536,372
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,291,140	\$ 2,577,568	\$ 2,345,385	\$ 1,523,323
Investments	361,985	159,817	32,195	489,607
Total Assets	\$ 1,653,125	\$ 2,737,385	\$ 2,377,580	\$ 2,012,930
Liabilities:				
Due to students, employees and other groups	\$ 1,653,125	\$ 2,737,385	\$ 2,377,580	\$ 2,012,930
Total Liabilities	\$ 1,653,125	\$ 2,737,385	\$ 2,377,580	\$ 2,012,930

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2011

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2011	\$ 81,329
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,075
Reimbursement for revenue loss on: Elderly tax relief	<u>12</u>
Base	<u>\$ 82,416</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	\$ 185,435	\$	\$	\$	\$
4-1/2 times base		370,870			
3-3/4 times base			309,058		
3-1/4 times base				267,851	
3 times base					247,247
Total debt limitation	<u>185,435</u>	<u>370,870</u>	<u>309,058</u>	<u>267,851</u>	<u>247,247</u>
Indebtedness:					
Bonds payable	16,281	8,927	22,096		
Bonds authorized and unissued	2,975	2,301			
School building grants receivables		(2,483)			
Total indebtedness	<u>19,256</u>	<u>8,745</u>	<u>22,096</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 166,179</u>	<u>\$ 362,125</u>	<u>\$ 286,962</u>	<u>\$ 267,851</u>	<u>\$ 247,247</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$576,909.

Note 2: Water bonds of \$35 are excluded from the computation above.