

**TOWN OF BRANFORD, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2013**

**TOWN OF BRANFORD, CONNECTICUT**

**JUNE 30, 2013**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
Independent Auditors' Report	1-3
Management Discussion and Analysis	4-10
 <b><u>Exhibit</u></b>	
Basic Financial Statements:	
Government-Wide Financial Statements:	
I	Statement of Net Position 11
II	Statement of Activities 12
Fund Financial Statements:	
Governmental Funds:	
III	Balance Sheet 13-14
IV	Statement of Revenues, Expenditures and Changes in Fund Balances 15-16
Proprietary Funds:	
V	Statement of Net Position 17
VI	Statement of Revenues, Expenses and Changes in Net Position 18
VII	Statement of Cash Flows 19
Fiduciary Funds:	
VIII	Statement of Fiduciary Net Position 20
IX	Statement of Changes in Net Position 21
	Notes to Financial Statements 22-47
Required Supplementary Information:	
General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual 48-50
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual 51-53
Combining and Individual Fund Statements and Schedules:	
General Fund:	
A-1	Comparative Balance Sheet 54
A-2	Report of Tax Collector 55
Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet 56-58
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 59-61
Internal Service Fund:	
C-1	Combining Statement of Net Position 62
C-2	Combining Statement of Revenues, Expenses and Changes in Net Position 63
C-3	Combining Statement of Cash Flows 64
Agency Funds:	
D	Combining Statement of Changes in Assets and Liabilities 65-68
Long-Term Debt:	
E	Statement of Debt Limitation 69

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## Independent Auditors' Report

To the Board of Finance  
Town of Branford, Connecticut

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10 and the budgetary comparison information on pages 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Branford, Connecticut's internal control over financial reporting and compliance.

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

West Hartford, Connecticut  
December 18, 2013

**TOWN OF BRANFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

**FINANCIAL HIGHLIGHTS**

- Net position of our governmental activities increased by \$7,261.
- During the year, the Town had expenses that were \$7,261 less than the \$114,921 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$107,760 with no new programs added this year except for initiatives enacted by the Board of Education with regard to prekindergarten.
- The General Fund reported a fund balance this year of \$21,638.
- The resources available for appropriation were \$4,380 more than budgeted for the General Fund. Expenditures were \$1,042 less than budgeted.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net position increased from a year ago, increasing from \$116,434 to \$123,694. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town’s governmental activities.

**TABLE 1  
NET POSITION**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Current assets	\$ 65,675	\$ 58,938
Capital assets, net of accumulated depreciation	132,920	133,326
Total assets	<u>198,595</u>	<u>192,264</u>
Long-term debt outstanding	59,223	64,887
Other liabilities	15,678	10,943
Total liabilities	<u>74,901</u>	<u>75,830</u>
Net Position:		
Net investment in capital assets	80,661	83,819
Restricted	259	246
Unrestricted	<u>42,774</u>	<u>32,369</u>
Total Net Position	<u>\$ 123,694</u>	<u>\$ 116,434</u>

The Town experienced an increase in net position of its governmental activities of 6.2% as compared to the prior year. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$32,369 at June 30, 2012 to 42,774 at the end of this year.

The change in unrestricted governmental net position primarily reflects the increase in capital assets.



**TABLE 2  
CHANGE IN NET POSITION**

	<b>Governmental Activities</b>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program revenues:		
Charges for services	\$ 10,325	\$ 9,003
Operating grants and contributions	14,332	13,964
Capital grants and contributions	953	157
General revenues:		
Property taxes	87,266	84,094
Grants and contributions not restricted to specific programs	1,277	1,382
Unrestricted investment earnings	153	197
Other general revenues	615	419
Total revenues	<u>114,921</u>	<u>109,216</u>
 Program expenses:		
General government	6,338	5,777
Public safety	17,805	18,036
Public works and highway	13,965	13,842
Parks, recreation and libraries	3,119	3,164
Health and human services	3,621	3,054
Education	61,594	60,513
Interest debt service	1,218	1,320
Total program expenses	<u>107,660</u>	<u>105,706</u>
 Increase in Net Position	 <u>\$ 7,261</u>	 <u>\$ 3,510</u>

The Town's total revenues were \$114,921. The total cost of all programs and services was \$107,660. 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 \$4,380 higher than budgeted. Of this amount, \$1,860 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$1,051. 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 coupled with favorable results from the manufacturing pilot and municipal revenue sharing. Revenues from licenses, permits and fee revenue exceeded the budget by \$608, primarily due to police special detail of \$364, ambulance fees, and building permits. Interest and other income exceeded the budget by \$1,180 primarily due to better than anticipated results from the sale of recyclable materials and two non-recurring items including proceeds from a lawsuit and a disbursement from the Bristol Resource Recovery Facility.

Expenditures were \$1,042 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for, tax appeals, utilities, and municipal solid waste fees combined with vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3  
GOVERNMENTAL ACTIVITIES**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
General government	\$ 6,338	\$ 5,777	\$ 4,456	\$ 4,527
Public safety	17,805	18,036	14,761	15,497
Public works and highway	13,965	13,842	8,976	8,673
Parks, recreation and libraries	3,119	3,164	2,606	2,790
Health and human services	3,621	3,054	2,004	1,803
Education	61,594	60,513	48,105	48,072
Interest and debt service	1,218	1,320	1,142	1,218
<b>Total</b>	<b>\$ 107,660</b>	<b>\$ 105,706</b>	<b>\$ 82,050</b>	<b>\$ 82,580</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 \$32,208, which is an increase from last year’s total of \$31,100. The primary reason for the increase is the change in the general fund balance.

### ***General Fund Budgetary Highlights***

The Town's general fund expenditures plus encumbrances totaled \$96,490. 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 \$1,042. Revenues were \$4,380 higher, which reflects strong tax collections, favorable nontax revenue experience, conservative estimates and receipt of non-recurring revenue items.

The Town's General Fund balance of \$21,638 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, 2013, the Town had \$132,920 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 \$406 or 0.31 %, less than last year. This decrease reflects lower construction in progress amounts which were not offset by increases in other categories.

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

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$ 13,683	\$ 13,058
Intangible assets	597	597
Land improvements	1,409	821
Buildings	80,458	70,974
Machinery and equipment	8,407	8,895
Construction in progress	2,204	11,920
Infrastructure	26,162	27,061
Total	<u>\$ 132,920</u>	<u>\$ 133,326</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 2013-14 welcomes the completion of the new dispatch system. Currently, the Town is leasing space for the public works operation and is looking to secure a site and may authorize funding for this project prior in FY 2015. Additionally improvements to pump stations are planned and a bridge replacement is anticipated this spring. 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, 2013, the Town had \$49,190 in bonds and notes outstanding versus \$54,965 last year – a decrease of \$5,775 or approximately 11%. The Town anticipates increasing the long term debt in future years to finance a public works garage, bridge replacement, school renovations, pump station improvements and a senior center.

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 \$623 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 2013-2014 budget and corresponding tax rates. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the annual uncertainty with regard to State assistance and higher pension and benefit costs, and increased debt service costs. In developing the budget, Town officials acknowledged that property owners continue to endure their own economic constraints and job insecurities associated with the slow recovery. 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 \$99,317 for 2013-2014, which represents an increase of \$2,787 thousand or 2.9% as compared to the 2012-2013 amended budget. Increased property taxes of approximately \$2,650 thousand combined with a \$2.8 million appropriation from fund balance will supplement nontax revenues.

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

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

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 50,695,894
Investments	3,530,167
Receivables, net	10,470,484
Inventory	13,503
Prepaid items	98,831
Net pension asset	303,892
Net OPEB asset	562,100
Capital assets not being depreciated	16,483,079
Capital assets being depreciated, net of accumulated depreciation	116,436,949
Total assets	<u>198,594,899</u>
Liabilities:	
Accounts and other payables	4,912,165
Unearned revenue	4,373,312
Bond anticipation notes payable	5,910,000
Other	482,701
Noncurrent liabilities:	
Due within one year	7,678,828
Due in more than one year	51,543,825
Total liabilities	<u>74,900,831</u>
Net Position:	
Net investment in capital assets	80,661,112
Restricted for Trusts:	
Expendable	158,168
Nonexpendable	100,420
Unrestricted	<u>42,774,368</u>
Total Net Position	<u>\$ 123,694,068</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, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
General government	\$ 6,338,133	\$ 1,329,263	\$ 68,740	\$ 484,439	\$ (4,455,691)
Public safety	17,804,760	2,828,528	183,518	31,418	(14,761,296)
Public works and highway	13,965,311	3,407,980	1,212,267	368,939	(8,976,125)
Parks, recreation and libraries	3,119,527	354,544	90,446	68,050	(2,606,487)
Health and human services	3,620,538	369,837	1,246,987		(2,003,714)
Education	61,594,239	2,035,113	11,454,175		(48,104,951)
Interest expense	1,217,803		75,999		(1,141,804)
Total	<u>\$ 107,660,311</u>	<u>\$ 10,325,265</u>	<u>\$ 14,332,132</u>	<u>\$ 952,846</u>	<u>(82,050,068)</u>
General revenues:					
Property taxes					87,265,613
Grants and contributions not restricted to specific programs					1,276,777
Unrestricted investment earnings					153,090
Miscellaneous					615,168
Total general revenues					<u>89,310,648</u>
Change in net position					7,260,580
Net Position at Beginning of Year					<u>116,433,488</u>
Net Position at End of Year					<u>\$ 123,694,068</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<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	\$ 26,138,046	\$ 3,480,395	\$ 2,750,842	\$ 7,030,663	\$ 39,399,946
Investments	3,282,467			247,700	3,530,167
Receivables, net	6,984,607		652,912	2,332,160	9,969,679
Due from other funds	188,890	3,921,006		106,019	4,215,915
Inventories				13,503	13,503
Other assets	29,562				29,562
Total Assets	<u>\$ 36,623,572</u>	<u>\$ 7,401,401</u>	<u>\$ 3,403,754</u>	<u>\$ 9,730,045</u>	<u>\$ 57,158,772</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 3,308,860	\$ 144,094	\$ 2,100	\$ 976,408	\$ 4,431,462
Due to other funds	2,862,268	188,890	1,100,000	64,757	4,215,915
Deferred revenue	8,331,597		652,912	925,769	9,910,278
Bond anticipation notes payable		5,910,000			5,910,000
Other	482,701				482,701
Total liabilities	<u>14,985,426</u>	<u>6,242,984</u>	<u>1,755,012</u>	<u>1,966,934</u>	<u>24,950,356</u>
Fund balances:					
Nonspendable	29,562			113,923	143,485
Restricted		541,972	1,648,742	2,432,762	4,623,476
Committed	851,282			5,314,238	6,165,520
Assigned	3,284,951				3,284,951
Unassigned	17,472,351	616,445		(97,812)	17,990,984
Total fund balances	<u>21,638,146</u>	<u>1,158,417</u>	<u>1,648,742</u>	<u>7,763,111</u>	<u>32,208,416</u>
Total Liabilities and Fund Balances	<u>\$ 36,623,572</u>	<u>\$ 7,401,401</u>	<u>\$ 3,403,754</u>	<u>\$ 9,730,045</u>	<u>\$ 57,158,772</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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

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

Fund balances - total governmental funds (Exhibit III)	\$ 32,208,416
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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	\$ 244,583,910	
Less accumulated depreciation	<u>(111,663,882)</u>	
Net capital assets		132,920,028

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

Net OPEB asset	562,100
Net pension asset	303,892
Property tax receivables greater than 60 days	2,116,841
Interest receivable on property taxes	1,009,333
Assessments receivable	863,178
Housing loans receivable	428,823
Receivable from the state for school construction projects	1,118,791
Bond issuance costs	69,269

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

8,427,322

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	(49,190,318)
Interest payable on bonds and notes	(327,567)
Compensated absences	(4,202,754)
Capital lease	(577,980)
Bond premium	(612,474)
Deferred charges on refunding	137,168
Landfill	<u>(1,560,000)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 123,694,068</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, 2013

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 87,473,879	\$	\$	\$	\$ 87,473,879
Assessments and interest			232,787	2,627,271	2,860,058
Intergovernmental	9,900,481	524,978		5,786,465	16,211,924
Charges for services	4,201,947			2,140,561	6,342,508
Income on investments	124,624	1,304	1,596	22,109	149,633
Miscellaneous	2,194,566	124,841	706	402,829	2,722,942
Total revenues	<u>103,895,497</u>	<u>651,123</u>	<u>235,089</u>	<u>10,979,235</u>	<u>115,760,944</u>
Expenditures:					
Current:					
General government	4,771,186	130,241		13,152	4,914,579
Public safety	10,793,075			408,508	11,201,583
Public works and highway	4,971,127		14,341	3,541,278	8,526,746
Parks, recreation and libraries	2,285,126	42,147		367,119	2,694,392
Health and human services	1,798,016			718,847	2,516,863
Education	56,100,841			4,584,845	60,685,686
Pension and insurance	10,802,375				10,802,375
Capital outlay		5,622,325		420,273	6,042,598
Debt service	7,257,251	10,887			7,268,138
Total expenditures	<u>98,778,997</u>	<u>5,805,600</u>	<u>14,341</u>	<u>10,054,022</u>	<u>114,652,960</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,116,500</u>	<u>(5,154,477)</u>	<u>220,748</u>	<u>925,213</u>	<u>1,107,984</u>
Other Financing Sources (Uses):					
Transfers in	482,264	2,665,468		1,092,346	4,240,078
Transfers out	<u>(3,301,057)</u>			<u>(939,021)</u>	<u>(4,240,078)</u>
Total other financing sources (uses)	<u>(2,818,793)</u>	<u>2,665,468</u>	<u>-</u>	<u>153,325</u>	<u>-</u>
Net Change in Fund Balances	2,297,707	(2,489,009)	220,748	1,078,538	1,107,984
Fund Balances at Beginning of Year	<u>19,340,439</u>	<u>3,647,426</u>	<u>1,427,994</u>	<u>6,684,573</u>	<u>31,100,432</u>
Fund Balances at End of Year	<u>\$ 21,638,146</u>	<u>\$ 1,158,417</u>	<u>\$ 1,648,742</u>	<u>\$ 7,763,111</u>	<u>\$ 32,208,416</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, 2013

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) \$ 1,107,984

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

Capital outlay	4,302,265
Depreciation expense	(5,012,043)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 303,400

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	(692,005)
Property tax receivable - accrual basis change	(186,013)
Property tax interest and lien revenue - accrual basis change	(22,228)
Sewer assessment receivable - accrual basis change	(105,876)
Net OPEB asset	(68,900)
Housing loans receivable	(141,038)
Net pension asset	28,411

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

Bond and note principal payments	5,774,780
Capital lease payments	199,808

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	235,384
Accrued interest	35,918
Amortization of deferred charge on refunding	(25,767)
Amortization of issuance costs	(14,583)
Amortization of bond premiums	80,179
Landfill post closure care	(40,000)

Internal service funds are used by management to charge costs to individual funds. The net revenue of certain activities of internal services funds is reported with governmental activities. 1,500,904

Change in Net Position of Governmental Activities (Exhibit II) \$ 7,260,580

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

JUNE 30, 2013

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Cash and cash equivalents	\$ 11,295,948
Accounts receivable	<u>500,805</u>
Total assets	<u>11,796,753</u>
Liabilities:	
Accounts and other payables	153,136
Risk management claims	<u>3,216,295</u>
Total liabilities	<u>3,369,431</u>
Net Position:	
Unrestricted	<u><u>\$ 8,427,322</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 POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 13,326,242
Other	338,296
Total contributions	<hr/> 13,664,538 <hr/>
Operating Expenses:	
Benefit claims	10,653,199
Claims administration	1,513,892
Total operating expenses	<hr/> 12,167,091 <hr/>
Operating Income	1,497,447
Nonoperating Revenue:	
Income on investments	<hr/> 3,457
Change in Net Position	1,500,904
Net Position at Beginning of Year	<hr/> 6,926,418 <hr/>
Net Position at End of Year	<hr/> <hr/> \$ 8,427,322 <hr/> <hr/>

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, 2013

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 13,352,079
Cash payments to providers of benefits and administration	<u>(11,585,604)</u>
Net cash provided by operating activities	1,766,475
Cash Flows from Investing Activities:	
Income on investments	<u>3,457</u>
Net Increase in Cash and Cash Equivalents	1,769,932
Cash and Cash Equivalents at Beginning of Year	<u>9,526,016</u>
Cash and Cash Equivalents at End of Year	<u>\$ 11,295,948</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,497,447
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in receivables	(312,459)
Increase in accounts payable	<u>581,487</u>
Net Cash Provided by Operating Activities	<u>\$ 1,766,475</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2013

	<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	\$ 39,776	\$ 1,040,700	\$ 1,685,195
Investments - mutual funds	10,708,304	4,114,354	423,152
Investments - bonds	9,070,600	2,165,303	
Accounts receivable	6,532		
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>19,825,212</u>	<u>7,320,357</u>	<u>\$ 2,108,347</u>
Liabilities:			
Accounts payable		1,380	
Due to students and others			\$ 2,108,347
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>1,380</u>	<u>\$ 2,108,347</u>
Net Position:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 19,825,212</u>	<u>\$ 7,318,977</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>
	<u>          </u>	<u>          </u>
Additions:		
Contributions:		
Employer	\$ 925,959	\$ 1,584,500
Plan members	287,326	735,777
Total contributions	<u>1,213,285</u>	<u>2,320,277</u>
Investment income:		
Net appreciation in fair value of investments	899,229	312,690
Interest and dividends	<u>607,740</u>	<u>116,164</u>
Net investment income	<u>1,506,969</u>	<u>428,854</u>
Total additions	<u>2,720,254</u>	<u>2,749,131</u>
Deductions:		
Benefits	1,285,132	1,275,580
Administration	<u>81,419</u>	<u>9,511</u>
Total deductions	<u>1,366,551</u>	<u>1,285,091</u>
Net Increase in Net Position	1,353,703	1,464,040
Net Position at the Beginning of Year	<u>18,471,509</u>	<u>5,854,937</u>
Net Position at the End of Year	<u>\$ 19,825,212</u>	<u>\$ 7,318,977</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 position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

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



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

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 position. 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 position. 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 position” and is classified in the following categories:

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

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

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

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 nonspendable, 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 fund balance and revised revenue estimates of \$1,001,300 for legal fees, heart and hypertension contributions, leases and 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 and Cafeteria fund, nonmajor special revenue funds, had deficit fund balances of \$25 and \$84,284, respectively. The Heart and Hypertension Fund, an internal service fund, had a deficit of \$398,792. 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*, \$36,821,564 of the Town’s bank balance of \$43,144,965 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 10,425,413
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>26,396,151</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 36,821,564</u>

## Cash Equivalents

At June 30, 2013, the Town's cash equivalents amounted to \$15,465,432. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

## Investments

As of June 30, 2013, 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	\$ 2,254,788	\$	\$ 1,726,974	\$ 527,814
Certificates of deposit*	N/A	3,282,465	1,868,801	1,413,664	
Other debt securities	AAA	1,489,736		55,949	1,433,787
Corporate bonds	A-AAA	6,691,045	1,008,805	5,127,759	554,481
Corporate bonds	B-BBB-	800,334	275,594	524,740	
Total		14,518,368	\$ <u>3,153,200</u>	\$ <u>8,849,086</u>	\$ <u>2,516,082</u>
Other investments:					
Common stock		21,039			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds		<u>15,472,473</u>			
Total Investments		\$ <u>30,011,880</u>			

\*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, 2013, 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>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 1,009,333	\$	\$	\$ 1,009,333
Taxes	2,976,845			2,976,845
Accounts	1,965,438		615,816	2,581,254
Special assessments		652,912	207,096	860,008
Intergovernmental	1,546,608		1,587,762	3,134,370
Loans			428,823	428,823
Gross receivables	<u>7,498,224</u>	<u>652,912</u>	<u>2,839,497</u>	<u>10,990,633</u>
Less allowance for uncollectibles	<u>(513,617)</u>			<u>(513,617)</u>
Net Total Receivables	<u>\$ 6,984,607</u>	<u>\$ 652,912</u>	<u>\$ 2,839,497</u>	<u>\$ 10,477,016</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	\$ 2,116,841	\$
Accrued interest	1,009,333	
Special assessments not yet due	863,178	
Grant drawdowns and unearned fees		1,247,579
School building grants	1,118,791	
Housing loans	428,823	
Advance tax collections and overcollections	<u>                    </u>	<u>3,125,733</u>
	<u>\$ 5,536,966</u>	<u>\$ 4,373,312</u>



## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 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	\$ 13,057,869	\$ 624,900	\$ -	\$ -	\$ 13,682,769
Intangible assets	596,800				596,800
Construction in progress	<u>11,920,078</u>	<u>1,668,567</u>	<u>(11,385,135)</u>		<u>2,203,510</u>
Total capital assets not being depreciated	<u>25,574,747</u>	<u>2,293,467</u>	<u>(11,385,135)</u>	<u>-</u>	<u>16,483,079</u>
Capital assets being depreciated:					
Buildings and improvements	103,846,285	1,180,212	10,688,802		115,715,299
Improvements other than buildings	1,617,501	495,396	176,925		2,289,822
Machinery and equipment	24,324,755	636,590		(99,472)	24,861,873
Infrastructure	<u>84,759,398</u>		<u>519,408</u>	<u>(44,969)</u>	<u>85,233,837</u>
Total capital assets being depreciated	<u>214,547,939</u>	<u>2,312,198</u>	<u>11,385,135</u>	<u>(144,441)</u>	<u>228,100,831</u>
Less accumulated depreciation for:					
Buildings and improvements	32,871,864	2,385,165			35,257,029
Improvements other than buildings	796,403	84,362			880,765
Machinery and equipment	15,429,701	1,124,173		(99,472)	16,454,402
Infrastructure	<u>57,698,312</u>	<u>1,418,343</u>		<u>(44,969)</u>	<u>59,071,686</u>
Total accumulated depreciation	<u>106,796,280</u>	<u>5,012,043</u>	<u>-</u>	<u>(144,441)</u>	<u>111,663,882</u>
Total capital assets being depreciated, net	<u>107,751,659</u>	<u>(2,699,845)</u>	<u>11,385,135</u>	<u>-</u>	<u>116,436,949</u>
Governmental Activities Capital Assets, Net	<u>\$ 133,326,406</u>	<u>\$ (406,378)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,920,028</u>

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

Governmental activities:	
General government	\$ 141,758
Public safety	584,629
Public works	2,645,387
Parks, recreation and libraries	63,454
Health and welfare	35,605
Education	<u>1,541,210</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 5,012,043</u>

## Active Capital Projects

The Town has active projects as of June 30, 2013. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
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	1,961,133		138,867
Capital Projects Fund	21,400,032	18,499,376	196,012	2,704,644
Blackstone Library Renovations	1,165,000	1,164,681		319
Queach Property Acq.	3,795,000	3,795,000		-
Tabor Drive Acquisition	13,875,000	13,806,775	7,465	60,760
Town Hall Renovation	3,615,000	3,613,024		1,976
Fire Apparatus Fund	2,841,549	2,678,983	2,576	159,990
Trolley Trail	51,329	49,402		1,927
DPW Apparatus	1,154,547	797,184	7,350	350,013
Ambulance Fund	1,019,557	967,875		51,682
Elderly Commission Vehicle Replacement	180,000	59,745		120,255
Municipal Facilities Fund	15,325,515	14,847,114	194,896	283,505
Board of Education Facilities Fund	1,929,511	929,381		1,000,130
Land Acquisition Fund	1,110,276	1,101,517		8,759
Infrastructure Enhancement Fund	3,580,000	852,512	133,673	2,593,815

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2013 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 106,019
Capital Projects Fund	General Fund	2,756,249
Capital Projects Fund	Nonmajor Governmental Funds	64,757
General Fund	Capital Projects Fund	188,890
Capital Projects Fund	Sewer Assessment Fund	1,100,000
Total		<u>\$ 4,215,915</u>

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

Interfund transfers:

	<b>Transfers In</b>			
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental</b>	<b>Total Transfers Out</b>
<b>Transfers out:</b>				
<b>General Fund</b>	\$	\$ 2,208,711	\$ 1,092,346	\$ 3,301,057
<b>Nonmajor Governmental</b>	<u>482,264</u>	<u>456,757</u>	<u>                    </u>	<u>939,021</u>
<b>Total Transfers In</b>	<u>\$ 482,264</u>	<u>\$ 2,665,468</u>	<u>\$ 1,092,346</u>	<u>\$ 4,240,078</u>

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

## 7. LONG-TERM DEBT

### Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable:					
General obligation bonds	\$ 36,950,000	\$	\$ 4,340,000	\$ 32,610,000	\$ 4,490,000
Clean water notes	18,015,098		1,434,780	16,580,318	1,450,004
Less deferred amounts:					
On refunding	(162,935)		(25,767)	(137,168)	
For issuance premiums	<u>692,653</u>		<u>80,179</u>	<u>612,474</u>	
Total bonds and notes payable	55,494,816		5,829,192	49,665,624	5,940,004
Landfill closure	1,520,000	40,000		1,560,000	160,000
Compensated absences	4,438,138	15,768	251,152	4,202,754	181,286
Risk management claims	2,655,961	560,334		3,216,295	1,189,350
Capital leases	<u>777,788</u>		<u>199,808</u>	<u>577,980</u>	<u>208,188</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 64,886,703</u>	<u>\$ 616,102</u>	<u>\$ 6,280,152</u>	<u>\$ 59,222,653</u>	<u>\$ 7,678,828</u>

A schedule of bonds and notes outstanding at June 30, 2013 is presented below:

	<b>Balance</b>			<b>Balance</b>
	<b>June 30, 2012</b>	<b>Issued</b>	<b>Retired</b>	<b>June 30, 2013</b>
General Obligation:				
School, 0.85-4.0%, mature in 2015	\$ 2,480,000	\$	\$ 1,100,000	\$ 1,380,000
School, 2.0-4.0%, mature on 2015	1,767,000		589,000	1,178,000
School, 0.85-4.0%, mature in 2018	808,000		151,000	657,000
School, 4.0-5.0%, mature in 2025	1,876,000		98,000	1,778,000
Public improvement sewer, 0.85-4.0%, mature in 2018	1,617,000		302,000	1,315,000
Public improvement, 2.0-4.0%, mature in 2018	2,978,000		526,000	2,452,000
Public improvement, 3.375-5.0%, mature in 2025	10,094,000		527,000	9,567,000
Public improvement, 2.0-4.0%, mature in 2026	13,080,000		625,000	12,455,000
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2016	100,000		20,000	80,000
Sewer, 0.85-4.0%, mature in 2018	2,150,000		402,000	1,748,000
<b>Total Bonds</b>	<b>36,950,000</b>		<b>4,340,000</b>	<b>32,610,000</b>
State of Connecticut, CWF, 2%, mature in 2013	13,561		13,561	-
State of Connecticut, CWF, 2%, mature in 2019	472,046		71,622	400,424
State of Connecticut, CWF, 2%, mature in 2022	10,773,822		956,564	9,817,258
State of Connecticut, CWF, 2% mature in 2027	4,752,516		281,671	4,470,845
State of Connecticut, CWF, 2% mature in 2028	2,003,153		111,362	1,891,791
<b>Total Bonds and Notes</b>	<b>\$ 54,965,098</b>	<b>\$</b>	<b>\$ 5,774,780</b>	<b>\$ 49,190,318</b>

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

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 5,940,004	\$ 1,262,636	\$ 7,202,640
2015	5,179,272	1,092,145	6,271,417
2016	4,729,130	931,387	5,660,517
2017	4,419,591	798,226	5,217,817
2018	4,310,667	680,369	4,991,036
2019-2023	16,313,158	2,106,136	18,419,294
2024-2028	8,298,496	428,613	8,727,109
<b>Total</b>	<b>\$ 49,190,318</b>	<b>\$ 7,299,512</b>	<b>\$ 56,489,830</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.

## 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
Police, Department of Public Works and Waste Water Treatment Plant			
Communications Improvements	1,650,000		1,650,000
Board of Education Capital Projects	1,700,000	750,000	950,000

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

<u>Category</u>	<u>(In Thousands)</u>		
	<u>Debt Limit</u>	<u>Indebtedness*</u>	<u>Balance</u>
General purpose	\$ 200,233	\$ 28,764	\$ 171,469
Schools	400,465	7,125*	393,340
Sewers	333,721	18,408	315,313
Urban renewal	289,225		289,225
Pension deficit	266,977		266,977

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$622,946.

\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$1,119.

## Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2013 were \$199,808. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 223,734
2015	108,003
2016	108,003
2017	108,003
2018	<u>72,003</u>
Total minimum lease payments	619,746
Less amount representing interest	<u>(41,766)</u>
Present Value of Minimum Lease Payments	<u>\$ 577,980</u>

## Bond Anticipation Notes

The following is a schedule of changes in bond anticipation notes for the year ended June 30, 2013:

<u>Project</u>	<u>Date Issued</u>	<u>Maturity Date</u>	<u>Interest Rate (%)</u>	<u>Balance July 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
Tabor Drive Land Acquisition	8/18/2011	8/16/2012	1.5	\$ 2,975,000	\$	\$ 2,975,000	-
Tabor Drive Land Acquisition	8/16/2012	8/15/2013	1.5		2,975,000		2,975,000
Walsh Intermediate School Roof and Window Replacement	8/16/2012	8/15/2013	1.5		385,000		385,000
Police, Department of Public Works and Waste Water Treatment Plant Communications Improvements	8/16/2012	8/15/2013	1.5		1,650,000		1,650,000
Board of Education Capital Projects	8/16/2012	8/15/2013	1.5		<u>900,000</u>		<u>900,000</u>
				<u>\$ 2,975,000</u>	<u>\$ 5,910,000</u>	<u>\$ 2,975,000</u>	<u>\$ 5,910,000</u>

The notes are reported in the Capital Projects Fund and will be retired or permanently financed.

## 8. RISK MANAGEMENT

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

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

The claims liability of \$1,080,910 reported in the Internal Service Fund at June 30, 2013 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 July 1,</u>	<b>Current Year Claims and Changes in Estimates</b>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2011-12	\$ 944,321	\$ 652,283	\$ 842,165	\$ 754,439
2012-13	754,439	1,155,149	828,678	1,080,910

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 \$1,359,439 at June 30, 2013 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>	<b>Current Year Claims and Changes in Estimates</b>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2011-12	\$ 1,302,550	\$ (18,643)	\$ 64,898	\$ 1,219,009
2012-13	1,219,009	264,836	124,406	1,359,439

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 \$775,946 at June 30, 2013 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>	<b>Current Year Claims and Changes in Estimates</b>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2011-12	\$ 505,141	\$ 10,318,554	\$ 10,141,182	\$ 682,513
2012-13	682,513	10,603,883	10,510,450	775,946

## 9. BULKY WASTE LANDFILL

The Town landfill at the intersection of Tabor Drive and Marshall Road stopped accepting bulky waste from the Town transfer station on June 29, 2012. 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. Capping of the final acre was started in FY 2012. The total area of the landfill for which final cover has been applied is estimated at 95%. Completion of closure is scheduled for spring of 2014.

Closure costs will be incurred in fiscal year 2014 as the upcoming closure contract is bid and executed. Annual appropriations will continue to be placed in the special programs fund for the continual maintenance and monitoring of the landfill. The balance of this account is currently \$402,704 including encumbrances.

It is anticipated that the closure costs, including building demolition, drainage and grading improvements will be approximately \$325,000. Associated engineering costs including but not limited to the landfill gas investigation, permit compliance, construction assistance, and closure certification report is approximately \$35,000. Improvements to stormwater quality, landfill gas mitigation, and any additional closure requirements to comply with DEEP regulations might be required as part of closure activities, and 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 may require additional appropriations throughout the life of the landfill.

A 77-acre parcel located north of the active landfill was purchased by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since control of the plume and of any off-site gas migration is required, environmental investigations and mitigation have begun on this property. The funds for the project on this adjoining acreage are provided by bond proceeds which are separately addressed, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts have been mentioned in past notes. Routine quarterly testing of wells on this parcel are included in operating costs and in future monitoring costs.

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

Final Cover Cost and Grading Cost	\$ 325,000
Engineering Costs	35,000
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>1,560,000</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 \$765,520 this year. General Fund fund balance for fiscal year ended June 30, 2013 as reflected in BRRFOC's financial statements is \$6.4 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 8.5% of their base salaries to the PERS. The Plan provides for automatic post-retirement increases on retiree pensions up to a maximum of 66-2/3% of pay. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Representative Town Meeting.

At July 1, 2011 (date of latest valuation), PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	35
Terminated employees entitled to benefits but not yet receiving them	4
Active plan members	<u>50</u>
 Total	 <u><u>89</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 position available for benefits.

**C. Funding Status and Progress**

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

#### 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	\$ 889,632
Interest on net pension obligation	(20,661)
Adjustment to annual required contribution	<u>24,618</u>
Annual pension cost	893,589
Contributions made	<u>922,000</u>
Increase in net pension obligation	(28,411)
Net pension asset at beginning of year	<u>(275,481)</u>
Net Pension Asset at End of Year	<u><u>\$ (303,892)</u></u>

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

Actuarial valuation date	July 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	20 years closed
Asset valuation method	5 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.0%
Assumed inflation rate	3.0%

#### 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>
6/30/11	\$ 1,020,357	86.9%	\$ (361,464)	\$ 887,078
6/30/12	1,045,983	91.8	(275,481)	960,000
6/30/13	893,589	103.2	(303,892)	922,000

## Pension Plan Required Supplementary Information

### Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
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
7/01/11	16,516,711	24,236,343	(7,719,632)	68.1	4,217,112	183.1

### Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
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
6/30/12	1,041,413	92
6/30/13	889,632	104

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 12.79% 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, 2013, 2012 and 2011 were \$2,144,563, \$2,065,555, and \$1,683,907, 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 \$24,035,298.

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, 2013, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$5,040,878 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, 2012, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired members and spouses	126
Active plan members	<u>585</u>
Total Participants	<u><u>711</u></u>

## B. Funding Policy

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

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)	\$ 1,651,000
Interest on net OPEB obligation	(47,300)
Adjustment to annual required contribution	49,700
	<hr/>
Annual OPEB cost	1,653,400
Contributions made	1,584,500
	<hr/>
Increase in net OPEB obligation	68,900
Net OPEB asset at beginning of year	(631,000)
	<hr/>
Net OPEB Asset at End of Year	\$ (562,100)

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, 2013, 2012 and 2011, are presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
6/30/13	\$ 1,653,400	\$ 1,584,500	95.83%	\$ 562,100
6/30/12	1,617,000	1,276,100	78.92%	631,000
6/30/11	2,002,800	1,503,300	75.06%	971,900

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%)
7/1/12	5,856,346	20,977,792	(15,121,446)	27.92%	39,169,500	(38.61%)

## Schedule of Employer Contribution

<b>Fiscal Year</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
6/30/13	\$ 1,651,000	95.97%
6/30/12	1,613,400	79.09%
6/30/11	1,997,300	75.27%
6/30/10	1,955,400	65.48%

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.25% investment rate of return as a trust fund is in existence, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 0% to 4.2%. The general inflation assumption is 9% for 2012, declining 1% per year until 2016, where it is carried at 5% for 2016 and future years. The UAAL is being amortized as a level percentage of projected unit credit on an open basis.



### 13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	<b>Major Special Revenue Funds</b>			<b>Nonmajor Governmental Funds</b>	<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects</b>	<b>Sewer Assessment</b>		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 13,503	\$ 13,503
Prepaid items	29,562				29,562
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		541,972	1,648,742		2,190,714
Unspent grant balances				2,274,176	2,274,176
Cat room expansion				418	418
Permanent funds				158,168	158,168
Committed to:					
Public works lease	125,000				125,000
Tabor drive fees	665,000				665,000
General government				357,632	357,632
Public safety				94,236	94,236
Public works and highway				3,823,274	3,823,274
Parks, recreation and libraries				499,554	499,554
Health and human services				534,130	534,130
Education	61,282			5,412	66,694
Assigned to:					
Subsequent year's budget	2,825,000				2,825,000
Purchases on order	459,951				459,951
Unassigned	17,472,351	616,445		(97,812)	17,990,984
Total Fund Balances	<u>\$ 21,638,146</u>	<u>\$ 1,158,417</u>	<u>\$ 1,648,742</u>	<u>\$ 7,763,111</u>	<u>\$ 32,208,416</u>

Significant encumbrances of \$459,951 and \$541,972 at June 30, 2013 are contained in the above table in the assigned category of the General Fund and the restricted category of the Capital Projects Fund, respectively.

### 14. LITIGATION

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

### 15. SUBSEQUENT EVENTS

The Town issued \$5,075,000 of general obligation bond anticipation notes dated August 15, 2013 for various projects. The notes will mature on August 14, 2014 and bear interest at a rate of 1.0%.

## 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, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 84,399,665	\$ 84,399,665	\$ 85,450,722	\$ 1,051,057
Interest Income	475,000	475,000	675,759	200,759
Lien Fees	6,000	6,000	8,481	2,481
Suspense Collections	8,000	8,000	8,249	249
Delinquent Taxes	725,000	725,000	1,303,464	578,464
Warrant Fees			547	547
Returned Check Fees			25	25
Attorney Fees			26,632	26,632
Total taxes	<u>85,613,665</u>	<u>85,613,665</u>	<u>87,473,879</u>	<u>1,860,214</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,824,612	1,824,612	1,853,634	29,022
School Transportation	78,981	78,981	73,236	(5,745)
Health and Welfare	11,000	11,000	2,535	(8,465)
Principal Subsidy	318,093	318,093	692,004	373,911
Interest Subsidy	69,686	69,686	76,000	6,314
Circuit Breaker Elderly	176,000	176,000	214,722	38,722
Elderly Tax Relief - Freeze	10,800	10,800	10,000	(800)
Disability Exemption	2,400	2,400	2,941	541
Veterans' Reimbursement	25,357	25,357	27,692	2,335
Manufacturing PILOT Grant	275,000	275,000	297,482	22,482
Pequot Grant	57,736	57,736	61,140	3,404
Private Property Exemption	114,615	114,615	114,175	(440)
State Property Exemption	55,990	55,990	55,279	(711)
State Counseling Grants	100,000	100,000	122,443	22,443
Miscellaneous State Grants			55,602	55,602
Municipal Video Competition Grant			27,805	27,805
Municipal Revenue Sharing Grant			145,554	145,554
Wildlife Refuge	1,600	1,600	1,720	120
North Branford Sewer Fees	165,000	165,000	198,301	33,301
Total intergovernmental revenues	<u>3,286,870</u>	<u>3,286,870</u>	<u>4,032,265</u>	<u>745,395</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 425,000	\$ 425,000	\$ 531,821	\$ 106,821
Excavation Permits	4,000	4,000	8,190	4,190
Sewer Connection Permits	100	100	134	34
Other Licenses and Permits	100	100		(100)
Zoning Board of Appeals	1,900	1,900	2,275	375
Planning and Zoning	18,000	18,000	18,857	857
Map Copies - Building and Engineering	900	900	1,756	856
Inland Wetlands Applications	7,000	7,000	12,450	5,450
DEP Application Costs	240	240	406	166
Education Fee	295	295	455	160
Transfer Station Escrow	70,000	70,000	96,342	26,342
Trip Passes	2,600	2,600	2,229	(371)
Sticker Revenue	12,000	12,000	11,458	(542)
Permits and Tags - Police	21,000	21,000	24,111	3,111
Special Wages - Police	400,000	573,000	936,717	363,717
False Alarm Fees	6,000	6,000	7,200	1,200
Pump Out Services	4,200	4,200	8,225	4,025
Town Clerk Other Monies	293,000	293,000	352,835	59,835
Conveyance Taxes	291,000	291,000	305,254	14,254
DEP Licenses - Town Portion	650	650	372	(278)
Marriage Licenses - Town Portion	2,300	2,300	2,838	538
Dog Licenses	7,700	7,700	3,534	(4,166)
Ambulance Service Fees	1,450,000	1,450,000	1,534,100	84,100
Miscellaneous Permits and Fees - Fire Services	400	400	3,620	3,220
Counseling Fees and Services	395,000	395,000	323,390	(71,610)
Counseling - United Way Contribution			23	23
E-Commerce Revenue Share	1,600	1,600	7,763	6,163
North Branford Probate Fees	6,100	6,100	5,592	(508)
Total licenses, permits and fees	<u>3,421,085</u>	<u>3,594,085</u>	<u>4,201,947</u>	<u>607,862</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, 2013**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Interest Income	\$ 89,000	\$ 89,000	\$ 124,528	\$ 35,528
Other:				
Willoughby - Wallace Library Fees	4,000	4,000	5,445	1,445
Willoughby - Passport Fees	1,300	1,300	5,495	4,195
Employee Health Insurance Co-pay	365,000	365,000	396,804	31,804
In Lieu of Taxes - Telephone Access	88,000	88,000	90,760	2,760
In Lieu of Taxes - SCRW	217,000	217,000	251,532	34,532
Leases	9,000	9,000	22,470	13,470
Building Usage			1,425	1,425
NGO Revenue			100	100
Insurance Claims and Refunds	10,000	343,300	1,021,867	678,567
Miscellaneous Refunds			147,754	147,754
Miscellaneous Income	10,000	10,000	92,657	82,657
Sale of Town Property	95,000	95,000	127,006	32,006
Reimbursement Town Services			618	618
Board of Education - Tuition Reimbursement			12,095	12,095
COBRA/Dental Reimbursement			12,740	12,740
Commerce Bank Revenue Share			5,643	5,643
Returned Check Fees			155	155
Under Liquidated Encumbrances			82,997	82,997
Total other	<u>799,300</u>	<u>1,132,600</u>	<u>2,277,563</u>	<u>1,144,963</u>
Total revenues	93,209,920	93,716,220	98,110,182	4,393,962
Other Financing Sources:				
Transfers in	<u>495,760</u>	<u>495,760</u>	<u>482,264</u>	<u>(13,496)</u>
Total Revenue and Other Financing Sources	\$ <u>93,705,680</u>	\$ <u>94,211,980</u>	98,592,446	\$ <u>4,380,466</u>

Budgetary revenues are different than GAAP revenues because:

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

5,040,878

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

(82,997)

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

96

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.

827,338

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

\$ 104,377,761

## 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, 2013

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
General Government:				
Legislative	\$ 16,739	\$ 16,739	\$ 14,932	\$ 1,807
Executive	342,559	342,559	331,389	11,170
Finance	71,753	71,753	59,748	12,005
Treasurer	393,543	397,543	390,948	6,595
Assessor	377,254	373,254	365,186	8,068
Review of Assessment	12,226	12,226	9,767	2,459
Tax Collector	298,056	503,056	490,668	12,388
Town Clerk	227,805	227,805	223,843	3,962
Law	355,000	608,737	593,222	15,515
Labor Relations Negotiations	70,000	70,000	51,221	18,779
Probate Court	12,100	12,100	8,062	4,038
Elections	134,450	142,130	134,777	7,353
Planning and Zoning	270,824	281,746	274,501	7,245
Zoning Board of Appeals	8,431	8,431	6,266	2,165
Development Commission	11,150	11,150	9,991	1,159
Inland Wetlands Commission	102,622	102,622	93,268	9,354
General Government Buildings	999,683	999,683	940,017	59,666
Cable Television	4,650	4,650	3,408	1,242
Information Technology	624,428	624,428	610,102	14,326
Human Resources	237,480	237,480	230,386	7,094
Total	<u>4,570,753</u>	<u>5,048,092</u>	<u>4,841,702</u>	<u>206,390</u>
Public Safety:				
Police Service	5,620,505	5,620,505	5,503,313	117,192
Police Service - Special Detail	400,000	573,000	572,825	175
Fire Protection	4,643,571	4,643,571	4,596,399	47,172
Building Department	159,422	159,422	156,779	2,643
Total	<u>10,823,498</u>	<u>10,996,498</u>	<u>10,829,316</u>	<u>167,182</u>
Public Works and Highways:				
Public Works	2,214,459	2,199,459	2,045,188	154,271
Sanitation and Waste	2,942,486	2,922,486	2,681,885	240,601
General Engineering	258,062	258,062	255,584	2,478
Total	<u>5,415,007</u>	<u>5,380,007</u>	<u>4,982,657</u>	<u>397,350</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, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation:				
Branford Recreation Department	\$ 824,333	\$ 824,333	\$ 820,866	\$ 3,467
Parker Park	67,112	67,112	59,011	8,101
Young's Park Commission	8,463	8,463	8,005	458
Docks and Recreational Facilities	12,285	12,285	8,653	3,632
Public Celebration	28,251	28,251	25,852	2,399
Conservation Commission	6,706	6,706	6,443	263
Total	947,150	947,150	928,830	18,320
Libraries:				
James Blackstone Memorial Library	1,179,164	1,179,164	1,179,164	-
Willoughby-Wallace Library	202,271	202,271	190,399	11,872
Total	1,381,435	1,381,435	1,369,563	11,872
Health and Welfare:				
Human Services	1,253,373	1,253,373	1,247,086	6,287
Commission for the Elderly	343,545	352,045	349,083	2,962
East Shore District Health	202,053	202,053	202,052	1
Total	1,798,971	1,807,471	1,798,221	9,250
Board of Education	50,297,604	50,297,604	50,232,625	64,979
Pension and Insurance:				
Pension and Contributions	3,735,274	3,650,274	3,494,886	155,388
Employee Group Insurance	5,146,053	5,286,053	5,286,053	-
Municipal Insurance	1,653,569	2,042,569	2,042,364	205
Contingency	637,617	11,515		11,515
Total	11,172,513	10,990,411	10,823,303	167,108
Debt Service:				
Principal Retirement	5,774,800	5,774,800	5,774,800	-
Interest and Fiscal Charges	1,482,455	1,482,455	1,482,451	4
Total	7,257,255	7,257,255	7,257,251	4
Total expenditures	93,664,186	94,105,923	93,063,468	1,042,455

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## 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, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 137,346	\$ 137,346	\$ 137,346	\$ -
Special Programs Fund	75,000	75,000	75,000	-
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	50,000	50,000	50,000	-
Fire Apparatus	100,000	100,000	100,000	-
Elderly Vehicles	30,000	30,000	30,000	-
DPW Apparatus	105,000	105,000	105,000	-
Capital Procurement Fund	1,639,348	2,198,911	2,198,911	-
Total other financing uses	<u>2,866,494</u>	<u>3,426,057</u>	<u>3,426,057</u>	<u>-</u>
Total Budgeted Operations	\$ <u>96,530,680</u>	\$ <u>97,531,980</u>	96,489,525	\$ <u>1,042,455</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			5,040,878	
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.			827,338	
The Town does not budget for Lease fund transfers.			(125,000)	
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>(152,687)</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>102,080,054</u>	

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 26,138,046	\$ 22,016,281
Investments	3,282,467	4,078,678
Receivables:		
Taxes, net of allowance of \$513,617 for the years ended June 30, 2013 and 2012	2,463,228	2,718,782
Interest	1,009,333	1,031,561
Intergovernmental	1,546,608	2,383,487
Other	1,965,438	738,786
Due from other funds	188,890	
Prepaid items	<u>29,562</u>	<u>30,564</u>
Total Assets	<u>\$ 36,623,572</u>	<u>\$ 32,998,139</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,308,860	\$ 1,771,504
Due to other funds	2,862,268	3,481,920
Deferred revenues	8,331,597	8,278,606
Other	<u>482,701</u>	<u>125,670</u>
Total liabilities	<u>14,985,426</u>	<u>13,657,700</u>
Fund balance:		
Nonspendable	29,562	30,564
Committed	851,282	61,284
Assigned	3,284,951	3,215,268
Unassigned	<u>17,472,351</u>	<u>16,033,323</u>
Total fund balance	<u>21,638,146</u>	<u>19,340,439</u>
Total Liabilities and Fund Balance	<u>\$ 36,623,572</u>	<u>\$ 32,998,139</u>



TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2013

55

Grand List	Uncollected Taxes July 1, 2012	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspend	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2013
						Taxes	Interest	Liens	Total	
1997	\$ 15,148	\$	\$	\$	\$ 15,148	\$	\$	\$	\$ -	\$ 15,148
1998	21,684				21,684				-	21,684
1999	15,012				15,012	18	1	11	30	14,994
2000	21,110				21,110				-	21,110
2001	23,588				23,588				-	23,588
2002	52,882				52,882	3,762	1,168	48	4,978	49,120
2003	60,362				60,362	6,142	1,820	72	8,034	54,220
2004	65,362	37			65,399	7,053	5,076	72	12,201	58,346
2005	67,489				67,489	8,543	3,939	144	12,626	58,946
2006	93,036				93,036	26,039	16,139	312	42,490	66,997
2007	222,016	(71)		(91,922)	130,023	52,185	27,554	480	80,219	77,838
2008	453,573	(29,900)			423,673	144,363	67,638	912	212,913	279,310
2009	660,399	17,051			677,450	304,274	112,386	1,656	418,316	373,176
2010	1,447,958	9,417			1,457,375	822,075	168,962	3,839	994,876	635,300
2011	86,809,308	(131,518)			86,677,790	85,450,722	259,380	1,482	85,711,584	1,227,068
	<u>\$ 90,028,927</u>	<u>\$ (134,984)</u>	<u>\$ -</u>	<u>\$ (91,922)</u>	<u>\$ 89,802,021</u>	86,825,176	664,063	9,028	87,498,267	<u>\$ 2,976,845</u>
				Suspend Collections		8,249	11,696	25	19,970	
				Total		<u>\$ 86,833,425</u>	<u>\$ 675,759</u>	<u>\$ 9,053</u>	<u>\$ 87,518,237</u>	

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2013

Special Revenue										
Board of Education										
	Water Assessment	Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage	Small Cities Fund	Town Aid Road	Pass Through Grants
<b>ASSETS</b>										
Cash and cash equivalents	\$	\$ 49,213	\$ 329,921	\$ 440,509	\$ 119,298	\$ 140	\$	\$ 460,803	\$ 441,666	\$
Investment										
Accounts receivable	12,307			101,467				428,823		
Intergovernmental				239,732	112,457					
Due from other funds				26,019						
Inventory					13,503					
Total Assets	\$ <u>12,307</u>	\$ <u>49,213</u>	\$ <u>329,921</u>	\$ <u>807,727</u>	\$ <u>245,258</u>	\$ <u>140</u>	\$ <u>-</u>	\$ <u>889,626</u>	\$ <u>441,666</u>	\$ <u>-</u>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable	\$	\$ 15,332	\$ 6,310	\$ 150,102	\$ 329,542	\$	\$	\$ 235,799	\$	\$
Due to other funds							25			
Deferred revenue	12,307			28,892				500,188		
Total liabilities	<u>12,307</u>	<u>15,332</u>	<u>6,310</u>	<u>178,994</u>	<u>329,542</u>	<u>-</u>	<u>25</u>	<u>735,987</u>	<u>-</u>	<u>-</u>
Fund Balance:										
Nonspendable					13,503					
Restricted				628,733				153,639	441,666	
Committed		33,881	323,611			140				
Unassigned	-				(97,787)		(25)			
Total fund balance	<u>-</u>	<u>33,881</u>	<u>323,611</u>	<u>628,733</u>	<u>(84,284)</u>	<u>140</u>	<u>(25)</u>	<u>153,639</u>	<u>441,666</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>12,307</u>	\$ <u>49,213</u>	\$ <u>329,921</u>	\$ <u>807,727</u>	\$ <u>245,258</u>	\$ <u>140</u>	\$ <u>-</u>	\$ <u>889,626</u>	\$ <u>441,666</u>	\$ <u>-</u>

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

**JUNE 30, 2013**

	<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>Sewer Utility Fund</u>	<u>FEMA Fund</u>	<u>Total</u>
<b>ASSETS</b>										
Cash and cash equivalents	\$ 593,712	\$ 693,494	\$ 86,457	\$ 5,602	\$ 451,409	\$ 119,740	\$ 5,412	\$ 3,117,493	\$	\$ 6,914,869
Investment				103,406						103,406
Accounts receivable		7,012						194,789		744,398
Intergovernmental		271,059				55,344		408,395	500,775	1,587,762
Due from other funds								446,392	80,000	552,411
Inventory										13,503
<b>Total Assets</b>	<b>\$ 593,712</b>	<b>\$ 971,565</b>	<b>\$ 86,457</b>	<b>\$ 109,008</b>	<b>\$ 451,409</b>	<b>\$ 175,084</b>	<b>\$ 5,412</b>	<b>\$ 4,167,069</b>	<b>\$ 580,775</b>	<b>\$ 9,916,349</b>
<b>LIABILITIES AND FUND BALANCE</b>										
Liabilities:										
Accounts payable	\$ 16,100	\$ 52,635	\$ 3,736	\$ 643	\$	\$ 15,673	\$	\$ 145,836	\$ 3,200	\$ 974,908
Due to other funds						64,757			446,367	511,149
Deferred revenue	186,423							197,959		925,769
<b>Total liabilities</b>	<b>202,523</b>	<b>52,635</b>	<b>3,736</b>	<b>643</b>	<b>-</b>	<b>80,430</b>	<b>-</b>	<b>343,795</b>	<b>449,567</b>	<b>2,411,826</b>
Fund Balance:										
Nonspendable										13,503
Restricted		918,930				418			131,208	2,274,594
Committed	391,189		82,721	108,365	451,409	94,236	5,412	3,823,274		5,314,238
Unassigned										(97,812)
<b>Total fund balance</b>	<b>391,189</b>	<b>918,930</b>	<b>82,721</b>	<b>108,365</b>	<b>451,409</b>	<b>94,654</b>	<b>5,412</b>	<b>3,823,274</b>	<b>131,208</b>	<b>7,504,523</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 593,712</b>	<b>\$ 971,565</b>	<b>\$ 86,457</b>	<b>\$ 109,008</b>	<b>\$ 451,409</b>	<b>\$ 175,084</b>	<b>\$ 5,412</b>	<b>\$ 4,167,069</b>	<b>\$ 580,775</b>	<b>\$ 9,916,349</b>

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

**JUNE 30, 2013**

**Permanent Fund**

	<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>	<u>Total</u>	<u>Transfers/ Interfunds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 6,606	\$ 4,810	\$ 5,168	\$ 37,186	\$ 62,024	\$ 115,794	\$ -	\$ 7,030,663
Investment	144,294					144,294		247,700
Accounts receivable						-		744,398
Intergovernmental						-		1,587,762
Due from other funds						-	(446,392)	106,019
Inventory						-		13,503
Total Assets	<u>\$ 150,900</u>	<u>\$ 4,810</u>	<u>\$ 5,168</u>	<u>\$ 37,186</u>	<u>\$ 62,024</u>	<u>\$ 260,088</u>	<u>\$ (446,392)</u>	<u>\$ 9,730,045</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ 1,500					\$ 1,500		\$ 976,408
Due to other funds						-	(446,392)	64,757
Deferred revenue						-		925,769
Total liabilities	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>(446,392)</u>	<u>1,966,934</u>
Fund Balance:								
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420		113,923
Restricted	147,900	810	168	7,186	2,104	158,168		2,432,762
Committed						-		5,314,238
Unassigned						-		(97,812)
Total fund balance	<u>149,400</u>	<u>4,810</u>	<u>5,168</u>	<u>37,186</u>	<u>62,024</u>	<u>258,588</u>	<u>-</u>	<u>7,763,111</u>
Total Liabilities and Fund Balance	<u>\$ 150,900</u>	<u>\$ 4,810</u>	<u>\$ 5,168</u>	<u>\$ 37,186</u>	<u>\$ 62,024</u>	<u>\$ 260,088</u>	<u>\$ (446,392)</u>	<u>\$ 9,730,045</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

52

	<b>Special Revenue</b>									
	<b>Water Assessment</b>	<b>Board of Education</b>					<b>Small Cities</b>	<b>Town Aid Road</b>	<b>Pass Through Grants</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	\$ 18,499	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			3,250,522	406,032			401,765	199,933	379,480	
Sales and services		61,065	366,401	8,029		51,403	141,038			
Investment income	3		67				139	525		
Other	1,462									
Sale of food				729,450						
Total revenues	<u>19,964</u>	<u>61,065</u>	<u>366,468</u>	<u>3,250,522</u>	<u>1,143,511</u>	<u>-</u>	<u>51,403</u>	<u>542,942</u>	<u>200,458</u>	<u>379,480</u>
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway								152,941		
Parks, recreation and libraries										
Health and human services							22,329		379,480	
Education		53,643	391,795	2,859,773	1,214,566	51,403				
Capital outlay							420,273			
Total expenditures	<u>-</u>	<u>53,643</u>	<u>391,795</u>	<u>2,859,773</u>	<u>1,214,566</u>	<u>-</u>	<u>51,403</u>	<u>442,602</u>	<u>152,941</u>	<u>379,480</u>
Excess (Deficiency) of Revenues over Expenditures	19,964	7,422	(25,327)	390,749	(71,055)	-	-	100,340	47,517	-
Other Financing Sources (Uses):										
Transfers in										
Transfers out	(30,504)									
Net Change in Fund Balances	(10,540)	7,422	(25,327)	390,749	(71,055)	-	-	100,340	47,517	-
Fund Balances at Beginning of Year	10,540	26,459	348,938	237,984	(13,229)	140	(25)	53,299	394,149	-
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 33,881</u>	<u>\$ 323,611</u>	<u>\$ 628,733</u>	<u>\$ (84,284)</u>	<u>\$ 140</u>	<u>\$ (25)</u>	<u>\$ 153,639</u>	<u>\$ 441,666</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, 2013**

		<b>Special Revenue</b>										
		<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>Sewer Utility Fund</b>	<b>FEMA Fund</b>	<b>Total</b>	
Revenues:												
Assessment income	\$		\$		\$		\$		\$	2,608,772	\$	2,627,271
Intergovernmental revenues			483,853		1,252		55,344		117,399	490,885		5,786,465
Sales and services		303,734	6,544				27,615		445,282			1,411,111
Investment income		646	40	155	1,556	66	102		198			3,497
Other		51,922	171,378	48,275	35,552	10,977	5,946	15,140	1,052	61,125		402,829
Sale of food												729,450
Total revenues		<u>356,302</u>	<u>661,815</u>	<u>48,430</u>	<u>38,360</u>	<u>11,043</u>	<u>89,007</u>	<u>15,140</u>	<u>3,172,703</u>	<u>552,010</u>		<u>10,960,623</u>
Expenditures:												
Current:												
General government			13,152									13,152
Public safety			193,407				215,101					408,508
Public works and highway			100,163					2,480,041	808,133			3,541,278
Parks, recreation and libraries		307,001	23,250		36,868							367,119
Health and human services			240,006	67,065		4,818						713,698
Education								13,040				4,584,220
Capital outlay												420,273
Total expenditures		<u>307,001</u>	<u>569,978</u>	<u>67,065</u>	<u>36,868</u>	<u>4,818</u>	<u>215,101</u>	<u>13,040</u>	<u>2,480,041</u>	<u>808,133</u>		<u>10,048,248</u>
Excess (Deficiency) of Revenues over Expenditures		49,301	91,837	(18,635)	1,492	6,225	(126,094)	2,100	692,662	(256,123)		912,375
Other Financing Sources (Uses):												
Transfers in			75,000									1,092,346
Transfers out							(64,757)		(843,760)			(939,021)
Net Change in Fund Balances		49,301	166,837	(18,635)	1,492	6,225	(53,505)	2,100	448,902	23,877		1,065,700
Fund Balances at Beginning of Year		<u>341,888</u>	<u>752,093</u>	<u>101,356</u>	<u>106,873</u>	<u>445,184</u>	<u>148,159</u>	<u>3,312</u>	<u>3,374,372</u>	<u>107,331</u>		<u>6,438,823</u>
Fund Balances at End of Year	\$	<u>391,189</u>	<u>918,930</u>	<u>82,721</u>	<u>108,365</u>	<u>451,409</u>	<u>94,654</u>	<u>5,412</u>	<u>3,823,274</u>	<u>131,208</u>	\$	<u>7,504,523</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, 2013**

19

	<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	\$	\$	\$	\$	\$	\$ -	\$ 2,627,271
Intergovernmental revenues						-	5,786,465
Sales and services						-	1,411,111
Investment income	18,440	7	8	58	99	18,612	22,109
Other						-	402,829
Sale of food						-	729,450
Total revenues	<u>18,440</u>	<u>7</u>	<u>8</u>	<u>58</u>	<u>99</u>	<u>18,612</u>	<u>10,979,235</u>
Expenditures:							
Current:							
General government						-	13,152
Public safety						-	408,508
Public works and highway						-	3,541,278
Parks, recreation and libraries						-	367,119
Health and human services	5,149					5,149	718,847
Education		125		500		625	4,584,845
Capital outlay						-	420,273
Total expenditures	<u>5,149</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>5,774</u>	<u>10,054,022</u>
Excess (Deficiency) of Revenues over Expenditures	13,291	(118)	8	(442)	99	12,838	925,213
Other Financing Sources (Uses):							
Transfers in						-	1,092,346
Transfers out						-	(939,021)
Net Change in Fund Balances	13,291	(118)	8	(442)	99	12,838	1,078,538
Fund Balances at Beginning of Year	<u>136,109</u>	<u>4,928</u>	<u>5,160</u>	<u>37,628</u>	<u>61,925</u>	<u>245,750</u>	<u>6,684,573</u>
Fund Balances at End of Year	<u>\$ 149,400</u>	<u>\$ 4,810</u>	<u>\$ 5,168</u>	<u>\$ 37,186</u>	<u>\$ 62,024</u>	<u>\$ 258,588</u>	<u>\$ 7,763,111</u>

## TOWN OF BRANFORD, CONNECTICUT

## INTERNAL SERVICE FUND

## COMBINING STATEMENT OF NET POSITION

JUNE 30, 2013

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 8,150,592	\$ 2,184,709	\$ 960,647	\$ 11,295,948
Accounts receivable	<u>500,545</u>	<u>260</u>		<u>500,805</u>
Total assets	<u>8,651,137</u>	<u>2,184,969</u>	<u>960,647</u>	<u>11,796,753</u>
Liabilities:				
Accounts payable	151,759	1,377		153,136
Claims incurred not reported	<u>775,946</u>	<u>1,080,910</u>	<u>1,359,439</u>	<u>3,216,295</u>
Total liabilities	<u>927,705</u>	<u>1,082,287</u>	<u>1,359,439</u>	<u>3,369,431</u>
Net Position:				
Unrestricted	<u>\$ 7,723,432</u>	<u>\$ 1,102,682</u>	<u>\$ (398,792)</u>	<u>\$ 8,427,322</u>



## TOWN OF BRANFORD, CONNECTICUT

## INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 11,671,695	\$ 1,049,547	\$ 605,000	\$ 13,326,242
Others	298,171	40,125		338,296
Total operating revenues	<u>11,969,866</u>	<u>1,089,672</u>	<u>605,000</u>	<u>13,664,538</u>
Operating Expenses:				
Benefit claims	9,057,512	1,330,850	264,837	10,653,199
Claims administration	1,452,939	60,953		1,513,892
Total operating expenses	<u>10,510,451</u>	<u>1,391,803</u>	<u>264,837</u>	<u>12,167,091</u>
Operating Income (Loss)	1,459,415	(302,131)	340,163	1,497,447
Nonoperating Income - Interest Income	<u>1,543</u>	<u>1,567</u>	<u>347</u>	<u>3,457</u>
Change in Net Position	1,460,958	(300,564)	340,510	1,500,904
Net Position at Beginning of Year	<u>6,262,474</u>	<u>1,403,246</u>	<u>(739,302)</u>	<u>6,926,418</u>
Net Position at End of Year	<u>\$ 7,723,432</u>	<u>\$ 1,102,682</u>	<u>\$ (398,792)</u>	<u>\$ 8,427,322</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<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	\$ 11,657,667	\$ 1,089,412	\$ 605,000	\$ 13,352,079
Cash paid for benefits and administration	(10,395,740)	(1,065,457)	(124,407)	(11,585,604)
Net cash provided by operating activities	<u>1,261,927</u>	<u>23,955</u>	<u>480,593</u>	<u>1,766,475</u>
Cash Flows from Investing Activities:				
Interest income	<u>1,543</u>	<u>1,567</u>	<u>347</u>	<u>3,457</u>
Net Increase in Cash and Cash Equivalents	1,263,470	25,522	480,940	1,769,932
Cash and Cash Equivalents at Beginning of Year	<u>6,887,122</u>	<u>2,159,187</u>	<u>479,707</u>	<u>9,526,016</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,150,592</u>	<u>\$ 2,184,709</u>	<u>\$ 960,647</u>	<u>\$ 11,295,948</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 1,459,415	\$ (302,131)	\$ 340,163	\$ 1,497,447
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Changes in balance sheet accounts:				
Increase in receivables	(312,199)	(260)		(312,459)
Increase in payables	<u>114,711</u>	<u>326,346</u>	<u>140,430</u>	<u>581,487</u>
Net Cash Provided by Operating Activities	<u>\$ 1,261,927</u>	<u>\$ 23,955</u>	<u>\$ 480,593</u>	<u>\$ 1,766,475</u>

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Branford Conservation Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,592</u>	\$ <u>3</u>	\$ <u>-</u>	\$ <u>1,595</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,592</u>	\$ <u>3</u>	\$ <u>-</u>	\$ <u>1,595</u>
<b>Shellfish Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>167,347</u>	\$ <u>39,851</u>	\$ <u>11,848</u>	\$ <u>195,350</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>167,347</u>	\$ <u>39,851</u>	\$ <u>11,848</u>	\$ <u>195,350</u>
<b>Academy-On-The-Green</b>				
Assets:				
Cash and cash equivalents	\$ <u>37,500</u>	\$ <u>121</u>	\$ <u>225</u>	\$ <u>37,396</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>37,500</u>	\$ <u>121</u>	\$ <u>225</u>	\$ <u>37,396</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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Volunteer Firemen's Pension Fund</b>				
Assets:				
Cash and cash equivalents	\$ 16,512	\$	\$ 15,753	\$ 759
Investments	<u>347,423</u>	<u>93,638</u>	<u>17,909</u>	<u>423,152</u>
Total Assets	<u>\$ 363,935</u>	<u>\$ 93,638</u>	<u>\$ 33,662</u>	<u>\$ 423,911</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 363,935</u>	<u>\$ 93,638</u>	<u>\$ 33,662</u>	<u>\$ 423,911</u>
<b>Branford Medical Transit</b>				
Assets:				
Cash and cash equivalents	<u>\$ 32,811</u>	<u>\$ 14,250</u>	<u>\$ 8,750</u>	<u>\$ 38,311</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 32,811</u>	<u>\$ 14,250</u>	<u>\$ 8,750</u>	<u>\$ 38,311</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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Commission on Services For the Elderly</b>				
Assets:				
Cash and cash equivalents	\$ 90,121	\$ 99,085	\$ 84,022	\$ 105,184
Liabilities:				
Due to students, employees and other groups	\$ 90,121	\$ 99,085	\$ 84,022	\$ 105,184
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ 643,939	\$ 2,084,138	\$ 1,932,726	\$ 795,351
Investments	165,609	_____	165,609	-
Total Assets	\$ 809,548	\$ 2,084,138	\$ 2,098,335	\$ 795,351
Liabilities:				
Due to students, employees and other groups	\$ 809,548	\$ 2,084,138	\$ 2,098,335	\$ 795,351

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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, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<b>Developer Bond Funds</b>				
Assets:				
Cash and cash equivalents	\$ 521,665	\$ 23,999	\$ 34,415	\$ 511,249
Liabilities:				
Due to students, employees and other groups	\$ 521,665	\$ 23,999	\$ 34,415	\$ 511,249
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,511,487	\$ 2,261,447	\$ 2,087,739	\$ 1,685,195
Investments	513,032	93,638	183,518	423,152
Total Assets	\$ 2,024,519	\$ 2,355,085	\$ 2,271,257	\$ 2,108,347
Liabilities:				
Due to students, employees and other groups	\$ 2,024,519	\$ 2,355,085	\$ 2,271,257	\$ 2,108,347
Total Liabilities	\$ 2,024,519	\$ 2,355,085	\$ 2,271,257	\$ 2,108,347

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2013

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2013	\$ 87,518
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,464
Reimbursement for revenue loss on: Elderly tax relief	<u>10</u>
Base	<u>\$ 88,992</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	\$ 200,233	\$	\$	\$	\$
4-1/2 times base		400,465			
3-3/4 times base			333,721		
3-1/4 times base				289,225	
3 times base					266,977
Total debt limitation	<u>200,233</u>	<u>400,465</u>	<u>333,721</u>	<u>289,225</u>	<u>266,977</u>
Indebtedness:					
Bonds payable	25,789	4,993	18,408		
Bonds authorized and unissued	2,975	3,251			
School building grants receivables		(1,119)			
Total indebtedness	<u>28,764</u>	<u>7,125</u>	<u>18,408</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 171,469</u>	<u>\$ 393,340</u>	<u>\$ 315,313</u>	<u>\$ 289,225</u>	<u>\$ 266,977</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$622,946.