

**TOWN OF BRANFORD, CONNECTICUT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

# TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2010

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-10
 <b><u>Exhibit</u></b>	
Basic Financial Statements:	
Government-Wide Financial Statements:	
I	Statement of Net Assets 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 Assets 17
VI	Statement of Revenues, Expenses and Changes in Fund Net Assets 18
VII	Statement of Cash Flows 19
Fiduciary Funds:	
VIII	Statement of Fiduciary Net Assets 20
IX	Statement of Changes in Net Assets 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 56-59
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 60-63
Internal Service Fund:	
C-1	Combining Statement of Net Assets 64
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets 65
C-3	Combining Statement of Cash Flows 66
Agency Funds:	
D	Combining Statement of Changes in Assets and Liabilities 67-70
Long-Term Debt:	
E	Statement of Debt Limitation 71

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## Independent Auditors' Report

Board of Finance  
Town of Branford  
Branford, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2010 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2011 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial

reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 48 through 53 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures that consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Branford, Connecticut's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

January 19, 2011

**TOWN OF BRANFORD, CONNECTICUT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

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, 2010. Please read this MD&A in conjunction with the Town's financial statements, Exhibits I to IX. All amounts in this MD&A are expressed in thousands unless otherwise noted.

**FINANCIAL HIGHLIGHTS**

- Net assets of our governmental activities increased by \$1,550.
- During the year, the Town had expenses that were \$1,552 less than the \$103,530 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$101,979 with no new programs added this year.
- The General Fund reported a fund balance this year of \$17,776.
- The resources available for appropriation were \$2,311 more than budgeted for the General Fund. Expenditures were kept within spending limits.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

***Government-Wide Financial Statements***

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

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

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

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

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

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

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The Town’s combined net assets increased from a year ago, increasing from \$114,729 to \$116,279. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town’s governmental activities.

**TABLE 1  
NET ASSETS**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Current assets	\$ 48,905	\$ 51,085
Capital assets, net of accumulated depreciation	129,272	131,010
Total assets	<u>178,177</u>	<u>182,095</u>
Long-term debt outstanding	48,603	53,214
Other liabilities	13,295	14,152
Total liabilities	<u>61,898</u>	<u>67,366</u>
Net Assets:		
Invested in capital assets, net of debt	82,530	81,371
Restricted	236	226
Unrestricted	<u>33,513</u>	<u>33,132</u>
Total Net Assets	<u>\$ 116,279</u>	<u>\$ 114,729</u>

The Town experienced an increase in net assets of its governmental activities of 1.4% as compared to the prior year. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - changed from \$33,122 at June 30, 2009 to \$33,513 at the end of this year.

The change in unrestricted governmental net assets was minimal absent large capital investments and no significant change in assets resulting from operations.

**TABLE 2  
CHANGE IN NET ASSETS**

	<b>Governmental Activities</b>	
	<u>2010</u>	<u>2009</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,059	\$ 9,662
Operating grants and contributions	12,909	10,596
Capital grants and contributions	330	1,020
General revenues:		
Property taxes	79,091	77,354
Grants and contributions not restricted to specific programs	1,301	1,379
Unrestricted investment earnings	514	1,108
Other general revenues	325	358
Total revenues	<u>103,529</u>	<u>101,477</u>
 Program expenses:		
General government	10,205	7,390
Public safety	16,711	14,381
Public works and highway	12,528	12,464
Parks, recreation and libraries	3,049	3,138
Health and human services	1,517	2,808
Education	56,705	56,105
Interest debt service	1,264	1,709
Total program expenses	<u>101,979</u>	<u>97,995</u>
 Increase in Net Assets	 \$ <u>1,550</u>	 \$ <u>3,482</u>

The Town's total revenues were \$103,529. The total cost of all programs and services was \$101,979. Our analysis which follows considers the operations of governmental activities.



**Governmental Activities**

The General Fund contributed significantly to the Town’s overall increase in net assets. Total revenues were \$2,311 higher than budgeted. Of this amount, \$965 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$784. 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. Fee income from police special detail and ambulance transports offset produced a positive variance of \$680. Interest and other income exceeded the budget by \$314 primarily due to appreciation in fixed income government obligations and premiums received from the winning underwriter for the bond anticipation note issue.

Expenditures were \$1,199 less than anticipated. The primary factors contributing to the expenditure balance relate to a decline in solid waste activity fees and a higher number of vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements. The Board of Education produced an unexpended balance of \$413, which the Board agreed to offset the loss of revenue to the Town for educational purposes.

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>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
General government	\$ 10,205	\$ 7,390	\$ 8,979	\$ 6,109
Public safety	16,711	14,381	14,137	12,325
Public works and highway	12,528	12,464	7,934	7,898
Parks, recreation and libraries	3,049	3,138	2,468	2,285
Health and human services	1,517	2,808	231	1,416
Education	56,705	56,105	44,705	45,147
Interest and debt service	1,264	1,709	1,228	1,537
<b>Total</b>	<b>\$ 101,979</b>	<b>\$ 97,995</b>	<b>\$ 79,682</b>	<b>\$ 76,717</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 \$19,399, which is a decrease from last year’s total of \$23,225. The primary reason for the decrease relates to a large negative fund balance in the capital fund caused by unfinanced capital projects and an increase in the amount of notes payable. Both the notes payable amount and a large portion of the unfinanced capital projects were financed in September 2010. Please refer to Note 14, Subsequent Events.

**General Fund Budgetary Highlights**

The Town’s general fund expenditures plus encumbrances totaled \$87,763. Unexpended appropriations in public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,199. During the year, the Town was able to appropriate an additional \$475,000 to augment the pension fund, the water fund and the heart and hypertension fund. Revenues totaled \$87,798; this amount reflects strong tax collections and favorable nontax revenue experience and conservative estimates.

The Town’s General Fund balance of \$17,776 reported on Exhibit IV differs from the General Fund’s budgetary fund balance of \$17,413. This is principally because budgetary fund balance does not include \$363 of outstanding encumbrances and prepaid items at year end which are reported as expenditures for budgetary purposes.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2010, the Town had \$129,272 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net decrease (including additions and deductions) of \$1,738 or (1.3 %), less than last year.

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

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
Land	\$ 12,888	\$ 12,888
Land improvements	861	878
Buildings	73,826	75,680
Machinery and equipment	9,750	9,504
Construction in progress	2,214	1,090
Infrastructure	29,733	30,970
Total	\$ <u>129,272</u>	\$ <u>131,010</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 2010-11 budget as adopted does not contemplate any major additions to capital assets. However, the Town anticipates authorizing bonds during the 2010-11 fiscal year for legal settlements associated with the Tabor Drive acquisition, a new roof at the Walsh Intermediate School and the start of design of a new fire headquarters. 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, 2010, the Town had \$39,240 in bonds and notes outstanding versus \$43,609 last year - a decrease of \$4,369 or approximately 10%. The Town anticipates that this reduction will provide the added debt capacity for future capital projects and potential future liabilities resulting from settlements.

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 increased to AAA in February. 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 \$558 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 2010-2011 budget and corresponding tax rates. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the uncertainty with regard to State assistance and a continued shift in the tax burden to residential property due to the recent revaluations. Falling interest rates and an overall decline in real estate sales and building permit activity were also incorporated into the budget plan. In developing the budget, Town officials acknowledged that property owners were faced with their own economic constraints and job insecurities associated with the recession. Faced with these challenges, officials sought to minimize the increase the Town's tax requirements while acknowledging that the demand for many municipal services would increase. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$91,017,633 for 2010-2011, which represents an increase of \$2,055 thousand or 2.3% as compared to the 2009-2010 amended budget. It is important to note that nontax revenue is expected to decrease by \$445,787. Increased property taxes of approximately \$2,464 thousand combined with a \$2.9 million appropriation from fund balance will offset nontax revenue reductions and lower tax collection rates.

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

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

## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<b>Governmental Activities</b>
	<u>                    </u>
Assets:	
Cash and cash equivalents	\$ 32,309,873
Investments	4,627,131
Receivables, net	9,951,891
Inventory	7,905
Prepaid items	42,364
Net pension asset	494,743
Net OPEB asset	1,471,400
Capital assets not being depreciated	15,101,405
Capital assets being depreciated, net of accumulated depreciation	114,170,462
Total assets	<u>178,177,174</u>
Liabilities:	
Accounts and other payables	2,557,186
Unearned revenue	4,101,169
Bond anticipation notes payable	6,455,000
Other	181,519
Noncurrent liabilities:	
Due within one year	6,332,454
Due in more than one year	42,271,124
Total liabilities	<u>61,898,452</u>
Net Assets:	
Invested in capital assets, net of related debt	82,529,238
Restricted for Trusts:	
Expendable	135,589
Nonexpendable	100,420
Unrestricted	<u>33,513,475</u>
Total Net Assets	<u>\$ 116,278,722</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, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
General government	\$ 10,205,106	\$ 1,117,029	\$ 108,890	\$	\$ (8,979,187)
Public safety	16,711,057	2,171,851	379,484	23,190	(14,136,532)
Public works and highway	12,528,407	3,402,170	1,183,903	8,150	(7,934,184)
Parks, recreation and libraries	3,049,359	355,676	75,942	150,000	(2,467,741)
Health and human services	1,517,033	398,255	887,572		(231,206)
Education	56,704,774	1,614,064	10,237,263	148,667	(44,704,780)
Interest expense	1,263,794		35,601		(1,228,193)
Total	<u>\$ 101,979,530</u>	<u>\$ 9,059,045</u>	<u>\$ 12,908,655</u>	<u>\$ 330,007</u>	<u>(79,681,823)</u>
General revenues:					
Property taxes					79,091,101
Grants and contributions not restricted to specific programs					1,301,000
Unrestricted investment earnings					513,756
Miscellaneous					325,700
Total general revenues					<u>81,231,557</u>
Change in net assets					1,549,734
Net Assets at Beginning of Year					<u>114,728,988</u>
Net Assets at End of Year					<u>\$ 116,278,722</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2010

	<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	\$ 16,686,402		\$ 1,986,695	\$ 7,359,945	\$ 26,033,042
Investments	4,496,866			130,265	4,627,131
Receivables, net	7,343,063		923,404	1,604,736	9,871,203
Due from other funds	2,738,544	1,566,942			4,305,486
Inventories				7,905	7,905
Other assets	42,364				42,364
Total Assets	<u>\$ 31,307,239</u>	<u>\$ 1,566,942</u>	<u>\$ 2,910,099</u>	<u>\$ 9,102,851</u>	<u>\$ 44,887,131</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts and other payables	\$ 1,762,970	\$ 276,619	\$ 3,554	\$ 366,330	\$ 2,409,473
Due to other funds	1,450,000	2,478,118		487,368	4,415,486
Deferred revenue	10,136,634		923,405	966,370	12,026,409
Bond anticipation notes payable		6,455,000			6,455,000
Other	181,519				181,519
Total liabilities	<u>13,531,123</u>	<u>9,209,737</u>	<u>926,959</u>	<u>1,820,068</u>	<u>25,487,887</u>
Fund balances:					
Reserved	362,652	612,270		347,518	1,322,440
Unreserved, reported in:					
General Fund	17,413,464				17,413,464
Special Revenue Funds			1,983,140	6,799,676	8,782,816
Capital Project Funds		(8,255,065)			(8,255,065)
Permanent Funds				135,589	135,589
Total fund balances	<u>17,776,116</u>	<u>(7,642,795)</u>	<u>1,983,140</u>	<u>7,282,783</u>	<u>19,399,244</u>
Total Liabilities and Fund Balances	<u>\$ 31,307,239</u>	<u>\$ 1,566,942</u>	<u>\$ 2,910,099</u>	<u>\$ 9,102,851</u>	<u>\$ 44,887,131</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2010

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

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

Fund balances - total governmental funds	\$ 19,399,244
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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	\$ 226,834,351	
Less accumulated depreciation	(97,562,484)	
Net capital assets	<u>129,271,867</u>	129,271,867

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

Net OPEB asset	1,471,400
Net pension asset	494,743
Property tax receivables greater than 60 days	2,078,204
Interest receivable on property taxes	1,022,346
Assessments receivable	1,076,757
Housing loans receivable	613,890
Receivable from the state for school construction projects	3,134,043

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

	3,750,758
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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	(39,240,380)
Interest payable on bonds and notes	(146,128)
Compensated absences	(4,257,773)
Capital lease	(1,153,613)
Deferred charges on refunding	106,364
Landfill	<u>(1,343,000)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 116,278,722</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, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 78,509,702	\$	\$	\$	\$ 78,509,702
Assessments and interest			345,989	2,464,008	2,809,997
Intergovernmental	7,974,118	181,340		6,517,666	14,673,124
Charges for services	3,690,756			2,156,380	5,847,136
Income on investments	454,875	2,016	3,370	43,549	503,810
Miscellaneous	994,006	28,177		218,569	1,240,752
Total revenues	<u>91,623,457</u>	<u>211,533</u>	<u>349,359</u>	<u>11,400,172</u>	<u>103,584,521</u>
Expenditures:					
Current:					
General government	4,065,962	392,659		304,018	4,762,639
Public safety	9,972,281			754,730	10,727,011
Public works and highway	5,034,388		10,762	2,914,590	7,959,740
Parks, recreation and libraries	2,150,226			523,436	2,673,662
Health and human services	1,649,142			766,081	2,415,223
Education	50,550,551			5,170,537	55,721,088
Pension and insurance	9,134,313			50,000	9,184,313
Capital outlay		8,132,371			8,132,371
Debt service	5,792,457			42,194	5,834,651
Total expenditures	<u>88,349,320</u>	<u>8,525,030</u>	<u>10,762</u>	<u>10,525,586</u>	<u>107,410,698</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,274,137</u>	<u>(8,313,497)</u>	<u>338,597</u>	<u>874,586</u>	<u>(3,826,177)</u>
Other Financing Sources (Uses):					
Transfers in	397,112	3,240,060		904,337	4,541,509
Transfers out	<u>(3,677,397)</u>	<u>(62,000)</u>		<u>(802,112)</u>	<u>(4,541,509)</u>
Total other financing sources (uses)	<u>(3,280,285)</u>	<u>3,178,060</u>	<u>-</u>	<u>102,225</u>	<u>-</u>
Net Change in Fund Balances	(6,148)	(5,135,437)	338,597	976,811	(3,826,177)
Fund Balances at Beginning of Year	<u>17,782,264</u>	<u>(2,507,358)</u>	<u>1,644,543</u>	<u>6,305,972</u>	<u>23,225,421</u>
Fund Balances at End of Year	<u>\$ 17,776,116</u>	<u>\$ (7,642,795)</u>	<u>\$ 1,983,140</u>	<u>\$ 7,282,783</u>	<u>\$ 19,399,244</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, 2010

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)	\$ (3,826,177)
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	3,170,451
Depreciation expense	(4,872,033)

The statement of activities reports losses arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets.	(36,903)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, and revenues recognized in the funds are not reported in the statement of activities:

School building grant receipts	(634,021)
Property tax receivable - accrual basis change	476,254
Property tax interest and lien revenue - accrual basis change	105,220
Sewer assessment receivable - accrual basis change	14,148
Net OPEB asset	(677,800)
Housing loans receivable	(12,659)
Net pension asset	306,037

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

Bond and note principal payments	4,368,876
Capital lease payments	176,655

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	1,011,731
Accrued interest	37,147
Amortization of deferred charge on refunding	(11,818)
Landfill post closure care	13,300

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

<u>1,941,326</u>
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Change in Net Assets of Governmental Activities (Exhibit II)

<u>\$ 1,549,734</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF NET ASSETS

JUNE 30, 2010

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Assets:	
Cash and cash equivalents	\$ 6,276,831
Accounts receivable	80,688
Due from other funds	<u>110,000</u>
Total assets	<u>6,467,519</u>
Liabilities:	
Accounts and other payables	1,585
Risk management claims	<u>2,715,176</u>
Total liabilities	<u>2,716,761</u>
Net Assets:	
Unrestricted	\$ <u><u>3,750,758</u></u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2010

	<b>Governmental Activities</b>
	<b>Internal Service Funds</b>
Operating Revenues:	
Contributions for benefits	\$ 11,545,258
Other	287,047
Total contributions	<u>11,832,305</u>
Operating Expenses:	
Benefit claims	8,904,655
Claims administration	996,270
Total operating expenses	<u>9,900,925</u>
Operating Income	1,931,380
Nonoperating Revenue:	
Income on investments	<u>9,946</u>
Change in Net Assets	1,941,326
Net Assets at Beginning of Year	<u>1,809,432</u>
Net Assets at End of Year	<u>\$ 3,750,758</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## PROPRIETARY FUNDS

## STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2010

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 11,884,368
Cash payments to providers of benefits and administration	(8,952,274)
Net cash provided by operating activities	<u>2,932,094</u>
Cash Flows from Investing Activities:	
Income on investments	<u>9,946</u>
Net Increase in Cash and Cash Equivalents	2,942,040
Cash and Cash Equivalents at Beginning of Year	<u>3,334,791</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,276,831</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,931,380
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in receivables	52,063
Increase in accounts payable	<u>948,651</u>
Net Cash Provided by Operating Activities	<u>\$ 2,932,094</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>	<b>Agency Funds</b>
Assets:			
Cash and cash equivalents	\$ 1,058,726	\$ 4,062,285	\$ 1,291,140
Investments - mutual funds	7,363,016		361,985
Investments - bonds	6,530,852		
Accounts receivable		71,725	
	<u>14,952,594</u>	<u>4,134,010</u>	<u>\$ 1,653,125</u>
Total assets			
Liabilities:			
Due to students and others			\$ 1,653,125
	<u>-</u>	<u>-</u>	<u>\$ 1,653,125</u>
Total liabilities			
Net Assets:			
Held in Trust for Pension, or Retiree Benefits	<u>\$ 14,952,594</u>	<u>\$ 4,134,010</u>	

The accompanying notes are an integral part of the financial statements

## TOWN OF BRANFORD, CONNECTICUT

## FIDUCIARY FUNDS

## STATEMENT OF CHANGES IN NET ASSETS

## FOR THE YEAR ENDED JUNE 30, 2010

	<b>Pension Trust Fund</b>	<b>Retiree Benefits Trust Fund</b>
	<u>          </u>	<u>          </u>
Additions:		
Contributions:		
Employer	\$ 1,116,866	\$ 1,285,645
Plan members	245,097	670,561
Total contributions	<u>1,361,963</u>	<u>1,956,206</u>
Investment income:		
Net appreciation in fair value of investments	930,253	
Interest and dividends	488,369	6,178
Net investment income	<u>1,418,622</u>	<u>6,178</u>
Total additions	<u>2,780,585</u>	<u>1,962,384</u>
Deductions:		
Benefits	834,065	1,184,481
Administration	72,825	3,491
Total deductions	<u>906,890</u>	<u>1,187,972</u>
Net Increase in Net Assets	1,873,695	774,412
Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>13,078,899</u>	<u>3,359,598</u>
Net Assets Held in Trust for Pension Benefits, End of Year	<u>\$ 14,952,594</u>	<u>\$ 4,134,010</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF BRANFORD, CONNECTICUT

## NOTES TO FINANCIAL STATEMENTS

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### A. Reporting Entity

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

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

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

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

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

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

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



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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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.

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

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

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

Investments for the Town are reported at fair value.

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

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

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

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

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

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

## **G. Capital Assets**

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

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

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

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

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

## **H. Compensated Absences**

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

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

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

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

## **J. Fund Equity**

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

## **2. 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 of \$475,000 to supplement the pension fund, water assessment fund and the heart and hypertension fund

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

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

## **B. Deficit Fund Balance**

The Capital Projects Fund had a deficit fund balance of \$7,642,795. The Building Usage Fund, a nonmajor special revenue fund, had a deficit fund balance of \$5,269. The Heart and Hypertension Fund, an internal service fund, had a deficit of \$930,490. These deficits will be funded by future transfers, grants, charges for services or permanent financing.

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

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

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

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

### **Deposits**

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$22,952,648 of the Town's bank balance of \$29,970,649 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 11,238,446
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>11,714,202</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 22,952,648</u>

### **Cash Equivalents**

At June 30, 2010, the Town's cash equivalents amounted to \$10,049,929. 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><b>Standard and Poor's</b></u>
State Tax Exempt Proceeds Fund*	
State Short-Term Investment Fund (STIF)	AAAm
Cutwater - Cooperative Liquid Assets Securities System (CLASS)	AAAm

\*Not rated

## Investments

As of June 30, 2010, the Town had the following investments:

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Treasury bonds	N/A	\$ 914,388	\$	\$ 716,987	\$ 197,401
Other debt securities	AAA	6,600,737	705,390	3,597,361	2,297,986
Corporate bonds	A-AAA	3,489,250	17,705	3,257,042	214,503
Corporate bonds	B-BBB-	258,951		258,951	
Corporate bonds	Not Rated	7,110		7,110	
Total		11,270,436	\$ 723,095	\$ 7,837,451	\$ 2,709,890
Other investments:					
Common stock		13,824			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds		7,598,724			
Total Investments		\$ 18,882,984			

\*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, 2010, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent valued at \$11,284,333 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	\$ 1,022,346	\$	\$	\$ 1,022,346
Taxes	2,979,388			2,979,388
Accounts	530,158		178,568	708,726
Special assessments		923,404	153,354	1,076,758
Intergovernmental	3,324,788		811,337	4,136,125
Loans			613,890	613,890
Gross receivables	<u>7,856,680</u>	<u>923,404</u>	<u>1,757,149</u>	<u>10,537,233</u>
Less allowance for uncollectibles	<u>(513,617)</u>			<u>(513,617)</u>
Net Total Receivables	<u>\$ 7,343,063</u>	<u>\$ 923,404</u>	<u>\$ 1,757,149</u>	<u>\$ 10,023,616</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	\$ 2,078,204	\$
Accrued interest	1,022,346	
Special assessments not yet due	1,076,757	
Grant drawdowns and unearned fees		695,478
School building grants	3,134,043	
Housing loans	613,890	
Advance tax collections and over collections		<u>3,405,691</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 7,925,240</u>	<u>\$ 4,101,169</u>



## 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,887,869	\$	\$	\$ 12,887,869
Construction in progress	<u>1,090,496</u>	<u>1,123,040</u>		<u>2,213,536</u>
Total capital assets not being depreciated	<u>13,978,365</u>	<u>1,123,040</u>	<u>-</u>	<u>15,101,405</u>
Capital assets being depreciated:				
Buildings and improvements	102,210,998	279,415		102,490,413
Improvements other than buildings	1,482,158	44,995		1,527,153
Machinery and equipment	21,957,408	1,468,016	(168,891)	23,256,533
Infrastructure	<u>84,203,862</u>	<u>254,985</u>		<u>84,458,847</u>
Total capital assets being depreciated	<u>209,854,426</u>	<u>2,047,411</u>	<u>(168,891)</u>	<u>211,732,946</u>
Less accumulated depreciation for:				
Buildings and improvements	26,530,859	2,133,686		28,664,545
Improvements other than buildings	604,026	62,388		666,414
Machinery and equipment	12,453,738	1,184,349	(131,988)	13,506,099
Infrastructure	<u>53,233,816</u>	<u>1,491,610</u>		<u>54,725,426</u>
Total accumulated depreciation	<u>92,822,439</u>	<u>4,872,033</u>	<u>(131,988)</u>	<u>97,562,484</u>
Total capital assets being depreciated, net	<u>117,031,987</u>	<u>(2,824,622)</u>	<u>(36,903)</u>	<u>114,170,462</u>
Governmental Activities Capital Assets, Net	<u>\$ 131,010,352</u>	<u>\$ (1,701,582)</u>	<u>\$ (36,903)</u>	<u>\$ 129,271,867</u>

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

Governmental activities:	
General government	\$ 138,707
Public safety	450,172
Public works	2,757,450
Parks, recreation and libraries	62,488
Health and welfare	34,122
Education	<u>1,429,094</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,872,033</u>

## Active Capital Projects

The Town has active projects as of June 30, 2010. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
BOE TriGeneration Project	\$ 1,021,600	\$ 1,021,600	\$	\$ -
School Roofs	500,000	485,103		14,897
Branford HS Track	400,000	369,199		30,801
High School Renovations	26,577,000	26,563,828	4,198	8,974
WIS Roof & Window Replacement	2,100,000	1,405,504	115,645	578,851
Capital Projects Fund	18,150,060	12,079,255	331,126	5,739,679
Blackstone Library Renovations	1,095,000	930,897		164,103
Queach Property Acq.	3,795,000	3,795,000		-
Tabor Drive Acquisition	10,900,000	9,827,907	41,015	1,031,078
Town Hall Renovation	3,615,000	3,613,024		1,976
EPA Consent Decree (1)	9,520,000	9,328,859	32,398	158,743
Fire Apparatus Fund	2,732,447	2,549,920		182,527
Trolley Trail	51,329	49,402		1,927
DPW Apparatus	617,210	376,686		240,524
Ambulance Fund	799,547	798,808		739
Elderly Commission Vehicle Replacement	40,000	38,082		1,918
Municipal Facilities Fund	540,515	450,126	77,441	12,948

## 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2010 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 260,426
General Fund	Capital Project Fund	2,478,118
Capital Project Fund	Nonmajor Governmental Funds	226,942
Capital Project Fund	General Fund	1,340,000
Internal Service Fund	General Fund	110,000
Total		<u>\$ 4,415,486</u>

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

Interfund transfers:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	
Transfers out:				
General Fund	\$	\$ 2,835,060	\$ 842,337	\$ 3,677,397
Capital Projects			62,000	62,000
Nonmajor Governmental	397,112	405,000		802,112
Total Transfers In	\$ <u>397,112</u>	\$ <u>3,240,060</u>	\$ <u>904,337</u>	\$ <u>4,541,509</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, 2010, 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	\$ 21,450,000	\$	\$ 3,015,000	\$ 18,435,000	\$ 3,125,000
Clean water notes	22,159,256		1,353,876	20,805,380	1,381,202
Less deferred amount refunding bonds	<u>(118,182)</u>		<u>(11,818)</u>	<u>(106,364)</u>	
Total bonds and notes payable	43,491,074	-	4,357,058	39,134,016	4,506,202
Landfill closure	1,356,300		13,300	1,343,000	131,767
Compensated absences	5,269,504		1,011,731	4,257,773	288,543
Risk management claims	1,766,829	948,347		2,715,176	1,221,886
Capital leases	<u>1,330,268</u>		<u>176,655</u>	<u>1,153,613</u>	<u>184,056</u>
Total Governmental Activities Long-Term Liabilities	\$ <u>53,213,975</u>	\$ <u>948,347</u>	\$ <u>5,558,744</u>	\$ <u>48,603,578</u>	\$ <u>6,332,454</u>

A schedule of bonds and notes outstanding at June 30, 2010 is presented below:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2010</u>
General Obligation:				
School, 0.85-4.0%, mature in 2015	\$ 5,840,000	\$ -	\$ 1,120,000	\$ 4,720,000
School, 0.85-4.0%, mature in 2018	980,000	-	8,000	972,000
School, 4.0-5.0%, mature in 2019	3,904,000	-	706,000	3,198,000
Public improvement, 4.0-5.0%, mature in 2019	2,046,000	-	534,000	1,512,000
Public improvement, 3.375-5.0%, mature in 2022	3,225,000	-	250,000	2,975,000
Public improvement sewer, 0.85- 4.0% mature in 2018	1,963,000	-	16,000	1,947,000
Special Assessment:				
Sewer, 4.0-5.0%, mature in 2019	600,000	-	300,000	300,000
Sewer, 3.4-5.0%, mature in 2016	175,000	-	25,000	150,000
Sewer, 0.85-4.0%, mature in 2018	2,612,000	-	21,000	2,591,000
Water, 6.8-7.5%, mature in 2012	105,000	-	35,000	70,000
<b>Total Bonds</b>	<b>21,450,000</b>	<b>-</b>	<b>3,015,000</b>	<b>18,435,000</b>
State of Connecticut, CWF, 2%, mature in 2013	60,280	-	15,263	45,017
State of Connecticut, CWF, 2%, mature in 2019	678,522	-	67,455	611,067
State of Connecticut, CWF, 2%, mature in 2022	13,531,732	-	900,995	12,630,737
State of Connecticut, CWF, 2% mature in 2027	5,564,530	-	265,281	5,299,249
State of Connecticut, CWF, 2% mature in 2028	2,324,192	-	104,882	2,219,310
<b>Total Bonds and Notes</b>	<b>\$ 43,609,256</b>	<b>\$ -</b>	<b>\$ 4,368,876</b>	<b>\$ 39,240,380</b>

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,506,202	\$ 1,109,567	\$ 5,615,769
2012	4,544,081	959,136	5,503,217
2013	4,694,799	796,406	5,491,205
2014	4,780,004	627,443	5,407,447
2015	3,699,272	487,926	4,187,198
2016-2020	11,003,386	1,232,024	12,235,410
2021-2025	5,033,361	284,886	5,318,247
2026-2028	979,275	20,324	999,599
Total	<u>\$ 39,240,380</u>	<u>\$ 5,517,712</u>	<u>\$ 44,758,092</u>

**Clean Water Fund Notes**

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

**General Obligation Bonds and Notes**

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

**Refundings**

In prior years, the Town defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Town’s financial statements. At June 30, 2010, \$5,205,000 of the defeased debt is outstanding.

**Bond Anticipation Notes**

The Town has outstanding bond anticipation notes of \$6,455,000 as of June 30, 2010. The notes are dated September 9, 2009, carry an interest rate of 2.00% and mature on September 8, 2010.

**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>	<u>Bond Anticipation Notes Outstanding</u>
Fire Headquarters	\$ 425,000	\$	\$ 425,000	\$ 425,000
Tabor Drive	10,900,000	2,500,000	8,400,000	2,915,000
Queach Property	3,795,000	2,380,000	1,415,000	1,415,000
WIS Roof and Windows	2,100,000	14,897	2,085,103	1,400,000
School Ground and Road Bridge	2,250,000	148,875	2,101,125	
Fire Aerial Unit	300,000		300,000	300,000

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	\$ 179,206	\$ 19,075	\$ 160,131
Schools	358,412	7,841**	350,371
Sewers	298,677	23,846	274,831
Urban renewal	258,853		258,853
Pension deficit	238,941		238,941

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$557,530.

\* Includes bonds authorized unissued (\$14,726) and excludes water bonds outstanding of \$70.

\*\* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$3,134.

**Capital Leases**

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2010 were \$176,655. The following is a summary of capital lease commitments as of June 30, 2010.

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 228,988
2012	228,988
2013	228,987
2014	228,988
2015	108,003
2016-2019	<u>288,010</u>
Total minimum lease payments	1,311,964
Less amount representing interest	<u>(158,351)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,153,613</u>

## 8. RISK MANAGEMENT

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

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

The claims liability of \$950,959 reported in the Internal Service Fund at June 30, 2010 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>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2009-10	\$ 639,726	\$ 968,030	\$ 656,797	\$ 950,959
2008-09	738,231	524,070	622,575	639,726

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 \$1,180,597 at June 30, 2010 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2009-10	\$ 959,517	\$ 555,831	\$ 334,751	\$ 1,180,597
2008-09	757,829	460,023	258,335	959,517

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 \$583,620 at June 30, 2010 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2009-10	\$ 167,586	\$ 7,380,143	\$ 6,964,109	\$ 583,620
2008-09	89,136	934,246	855,796	167,586

## 9. BULKY WASTE LANDFILL

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

State and Federal laws and regulations require the Town of Branford to place final cover on the landfill, and each year the Town appropriates funds for the placement of final cover on completed sections. In the 2009/2010 fiscal year, approximately one additional acre was capped. Approximately \$139,000 was expended for providing base material for grading; \$38,000 of the \$48,600 budget was expended for initial engineering work and construction administration in the 2009/10 fiscal year. The total area of the landform for which final cover is applied is estimated at 95%.

The Town received a \$400,000 grant from the DEP to cap the top of the landfill, which has all been expended and reimbursed as described in previous audit notes. It is anticipated that the placement of bulky waste will continue at the front of the landfill until the summer of 2011, with closure costs incurred in fiscal 11/12. Annual appropriations will continue to be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. The balance of this account is currently \$148,172 including encumbrances. Based upon town estimates, it is anticipated that future closure costs, including building demolition and grading at the top of slope will be



approximately \$200,000. Associated engineering costs (e.g., landfill gas investigation, closure plan, postclosure land use planning, survey, design, bid assistance, construction administration, and closure certification report) will be approximately \$90,000. These estimates do not include postclosure costs. Improvements to stormwater quality, such as construction of a small wetland, might be required as part of closure activities, and is not counted in the above estimate. The Town is required to monitor and maintain the landfill for 30 years after closure. The estimated annual cost for this postclosure activity is \$35,100. These costs will be funded through the General Fund on an annual basis. Regulatory changes or acceleration of the schedule for closure of the landfill may require additional appropriations for the accelerated completion of the installation of final cover.

A 77-acre parcel located north of the active landfill was purchased by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since houses had been proposed by a developer on this site, the Town took the proactive stance of purchasing the property to preclude incompatible development, since control of the plume and of any off-site gas migration is required. Environmental investigations and mitigation have begun on this property, with funds for the project on this adjoining acreage provided by bond proceeds that are separately addressed, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts have been mentioned in past notes. No money was spent in fiscal 2009/2010 on this sort of environmental mitigation. Site investigations for a possible public works complex on this parcel are not addressed in this note. Legal challenges are pending. Routine quarterly testing of wells on this parcel are now included in operating costs and in future monitoring costs.

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

Final Cover Cost and Grading Cost	\$	200,000
Engineering Costs		90,000
Postclosure Care Costs (30 years):		
Inspection and Maintenance of Final Cover (\$15,400 annually)		462,000
Monitoring Program, Groundwater, Methane & Stormwater (\$19,700 annually)		591,000
 Total	 \$	 <u><u>1,343,000</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 \$867,645 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2010 as reflected in BRRFOC's financial statements is \$12.05 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 Ogdan Corporation (now Covanta Bristol, Inc.) fails to perform such obligations pursuant to its guarantee, the Contracting Municipalities have certain rights to terminate the service agreement and, upon termination, would no longer be obligated to pay the service fee.

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

## 11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

### Police Employees Retirement Plan

#### A. Plan Description

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

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

At July 1, 2009 (date of latest valuation), PERS membership consisted of:

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

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

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

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

## C. Funding Status and Progress

Police officers are required to contribute 6% of base pay to the PERS. The Town is required to contribute the amounts necessary to finance the coverage for its employees as determined by its actuaries; the contribution rate for the current year was 12.9% of covered payroll.

## D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 793,742
Interest on net pension obligation	(14,153)
Adjustment to annual required contribution	<u>16,240</u>
Annual pension cost	795,829
Contributions made	<u>1,101,866</u>
Decrease in net pension obligation	(306,037)
Net pension asset at beginning of year	<u>(188,706)</u>
Net Pension Asset at End of Year	\$ <u><u>(494,743)</u></u>

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

Actuarial valuation date	July 1, 2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	23 years closed
Asset valuation method	5 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	7.5%
Projected salary increases	5.0%
Assumed inflation rate	4.0%

## E. Trend Information

<u>Fiscal Year</u>		<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>	<u>Actual Contribution</u>
6/30/08	\$	782,285	102.6%	\$ (156,556)	\$ 802,960
6/30/09		774,619	104.2	(188,706)	806,769
6/30/10		795,829	138.5	(494,743)	1,101,866

## Pension Plan Required Supplementary Information

### Schedule of Funding Progress

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

### Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/05	\$ 502,901	134 %
6/30/06	707,592	95
6/30/07	724,950	108
6/30/08	781,134	103
6/30/09	773,105	104
6/30/10	793,742	139

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 8.23% 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, 2010, 2009 and 2008 were \$1,303,939, \$1,153,600 and \$1,107,502, 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 \$31,483,463.

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, 2010, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$3,584,206 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, 2008, plan membership consisted of the following:

	<u>Post-Retirement Medical Program</u>
Retired members	94
Active plan members	<u>606</u>
Total Participants	<u><u>700</u></u>

## B. Funding Policy

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

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

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

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

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

	<b>Retiree Benefit Program</b>
Annual required contribution (ARC)	\$ 1,955,400
Interest on net OPEB obligation	(161,200)
Adjustment to annual required contribution	<u>169,200</u>
Annual OPEB cost	1,963,400
Contributions made	<u>1,285,600</u>
Increase in net OPEB obligation	677,800
Net OPEB asset at beginning of year	<u>(2,149,200)</u>
Net OPEB Asset at End of Year	<u>\$ (1,471,400)</u>

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, 2010 and 2009, are presented below.

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

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

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (OAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	OAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/08	\$ -	\$ 16,496,800	\$ (16,496,800)	0%	\$ 41,807,100	(39.46%)

## Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/10	\$ 1,955,400	65.48%
6/30/09	1,818,900	218.16%

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7.75% investment rate of return assuming a trust fund will be established, which is the rate of the expected long-term investment returns of plan assets calculated based on the funding policy of the plan at the valuation date. The annual healthcare cost trend rate varies by age and between the various groups and ranges from 0% to 4.2%. The general inflation assumption is 10% for 2008, declining 1% per year until 2013, where it is carried at 5% for 2013 and future years. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at July 1, 2008 was 30 years.

## 13. 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.

In a series of five (5) cases, Thomas Santa Barbara, Frank Perrotti, Jr. and New England Estates, L.L.C., allege that the Town acted improperly to acquire a parcel known as the Tabor property in Branford. On August 3, 2007, a judge of the Connecticut Superior Court rendered a decision in the valuation case fixing the property's value at \$4,600,000. Branford had deposited \$1,167,800, leaving an additional exposure of \$3,432,200. Subsequently in the civil rights case, a jury awarded \$12,775,914 and the trial judge awarded attorney's fees of \$1,764,566. The total of the awards is \$17,972,680. The Town appealed these awards. In addition to these sums, Messers. Santa Barbara and Perrotti and New England Estates, L.L.C., claim additional interest and costs. The Town appealed these awards.

On February 16, 2010, the Connecticut Supreme Court affirmed the decision in the valuation case fixing the property's value at \$4,600,000. On February 16, 2010, the Connecticut Supreme Court reversed the jury award in favor of New England Estates, L.L.C., and the decision awarding New



England Estates its attorney's fees. In the same decision, the Connecticut Supreme Court affirmed the jury award of \$340,000 in favor of Thomas Santa Barbara and Frank Perrotti, Jr., and remanded the case to the Connecticut Superior Court for consideration of the issues of their attorney's fees.

Subsequent to the decisions of the Connecticut Supreme Court on February 16, 2010, the Town resolved all of the Tabor property litigation described above and received full general releases from all interested parties. The cases are now closed.

#### **14. SUBSEQUENT EVENTS**

The Town issued \$12,770,000 of general obligation bonds dated September 1, 2010 for various projects. The bonds will mature serially from 2011-2025 and bear interest at rates ranging from 2% to 2.75%.

## 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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Taxes:				
Current Taxes	\$ 76,419,707	\$ 76,419,707	\$ 77,203,371	\$ 783,664
Interest Income	505,000	505,000	410,939	(94,061)
Lien Fees	8,000	8,000	5,314	(2,686)
Suspense Collections	23,000	23,000	11,145	(11,855)
Delinquent Taxes	588,684	588,684	865,079	276,395
Warrant Fees			6,432	6,432
Returned Check Fees			75	75
Attorney Fees			7,347	7,347
Total taxes	<u>77,544,391</u>	<u>77,544,391</u>	<u>78,509,702</u>	<u>965,311</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,583,186	1,583,186	1,467,692	(115,494)
School Transportation	171,758	171,758	109,390	(62,368)
Health and Welfare	28,236	28,236	36,478	8,242
Principal Subsidy	382,458	382,458	634,020	251,562
Interest Subsidy	87,215	87,215	148,668	61,453
Circuit Breaker Elderly	205,000	205,000	199,876	(5,124)
Elderly Tax Relief - Freeze	11,000	11,000	12,000	1,000
Boat Exemption			50,338	50,338
Disability Exemption	2,300	2,300	2,665	365
Veterans' Reimbursement	26,000	26,000	28,174	2,174
Manufacturing PILOT Grant	345,000	345,000	381,362	36,362
Pequot Grant	83,761	83,761	58,024	(25,737)
Private Property Exemption	118,046	118,046	117,823	(223)
State Property Exemption	59,398	59,398	59,498	100
State Counseling Grants	121,000	121,000	110,883	(10,117)
Miscellaneous State Grants			18,450	18,450
COPS Fast			55,271	55,271
Universal Hiring Grant			60,071	60,071
Municipal Video Competition Grant			19,717	19,717
Wildlife Refuge	3,000	3,000	2,278	(722)
North Branford Sewer Fees	172,000	172,000	176,065	4,065
Total intergovernmental revenues	<u>3,399,358</u>	<u>3,399,358</u>	<u>3,748,743</u>	<u>349,385</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 395,000	\$ 395,000	\$ 410,457	\$ 15,457
Excavation Permits			8,190	8,190
Sewer Connection Permits	150	150	138	(12)
Other Licenses and Permits	100	100		(100)
Zoning Board of Appeals	5,000	5,000	3,635	(1,365)
Planning and Zoning	20,000	20,000	23,450	3,450
Map Copies - Building and Engineering	1,228	1,228	1,212	(16)
Inland Wetlands Applications	7,000	7,000	10,097	3,097
Inland Wetlands Citations	1,500	1,500		(1,500)
DEP Application Costs			402	402
Education Fee			342	342
Transfer Station Escrow	46,000	46,000	78,439	32,439
Trip Passes	2,900	2,900	2,754	(146)
Sticker Revenue			27,180	27,180
Permits and Tags - Police	9,000	9,000	22,220	13,220
Special Wages - Police	350,000	350,000	481,146	131,146
False Alarm Fees	10,000	10,000	6,250	(3,750)
Pump Out Services			11,475	11,475
Town Clerk Other Monies	250,000	250,000	319,954	69,954
Conveyance Taxes	340,000	340,000	314,182	(25,818)
DEP Licenses - Town Portion	700	700	551	(149)
Marriage Licenses - Town Portion	2,100	2,100	2,794	694
Dog Licenses	5,500	5,500	4,763	(737)
Ambulance Service Fees	1,175,000	1,175,000	1,567,569	392,569
Miscellaneous Permits and Fees - Fire Services			1,980	1,980
Counseling Fees and Services	370,000	370,000	391,378	21,378
Counseling - United Way Contribution			128	128
Counseling Center Donations	20,000	20,000		(20,000)
E-Commerce Revenue Share			70	70
Total licenses, permits and fees	<u>3,011,178</u>	<u>3,011,178</u>	<u>3,690,756</u>	<u>679,578</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

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

**FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Interest Income	\$ 336,000	\$ 336,000	\$ 454,875	\$ 118,875
Other:				
Willoughby - Wallace Library Fees	6,300	6,300	4,655	(1,645)
Willoughby - Passport Fees	4,000	4,000	2,470	(1,530)
Employee Health Insurance Co-pay	385,000	385,000	353,446	(31,554)
In Lieu of Taxes - Telephone Access	190,000	190,000	108,122	(81,878)
In Lieu of Taxes - SCRW	185,000	185,000	208,214	23,214
Leases	4,000	4,000	4,001	1
Building Usage			1,300	1,300
NGO Revenue			300	300
Insurance Claims and Refunds	10,000	10,000	51,070	41,070
Miscellaneous Refunds			28	28
Miscellaneous Income	10,000	10,000	120,109	110,109
Sale of Town Property	7,000	7,000	107,933	100,933
Reimbursement Town Services			6,762	6,762
Board of Education - Tuition Reimbursement			25,290	25,290
COBRA/Dental Reimbursement			131	131
Returned Check Fees			175	175
Under Liquidated Encumbrances			2,324	2,324
Total other	<u>801,300</u>	<u>801,300</u>	<u>996,330</u>	<u>195,030</u>
Total revenues	85,092,227	85,092,227	87,400,406	2,308,179
Other Financing Sources:				
Transfers in	<u>394,750</u>	<u>394,750</u>	<u>397,112</u>	<u>2,362</u>
Total Revenue and Other Financing Sources	\$ <u>85,486,977</u>	\$ <u>85,486,977</u>	87,797,518	\$ <u>2,310,541</u>

Budgetary revenues are different than GAAP revenues because:

State of Connecticut on-behalf contributions to the Connecticut State Teachers'

Retirement System for Town teachers are not budgeted.

3,584,206

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

(2,324)

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.

641,169

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

\$ 92,020,569

## 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, 2010

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
General Government:				
Legislative	\$ 16,654	\$ 16,654	\$ 14,858	\$ 1,796
Executive	335,206	335,206	325,828	9,378
Finance	72,489	72,489	69,544	2,945
Treasurer	375,849	381,599	374,249	7,350
Assessor	377,060	377,060	350,676	26,384
Review of Assessment	18,897	18,897	15,452	3,445
Tax Collector	324,169	318,419	273,758	44,661
Town Clerk	211,827	211,827	211,315	512
Law	447,400	447,400	375,854	71,546
Labor Relations Negotiations	80,000	70,000	44,621	25,379
Probate Court	9,200	9,200	8,404	796
Elections	102,988	102,988	89,753	13,235
Planning and Zoning	267,001	267,001	254,380	12,621
Zoning Board of Appeals	8,478	8,478	6,408	2,070
Development Commission	11,150	11,150	10,965	185
Inland Wetlands Commission	98,691	98,691	95,284	3,407
General Government Buildings	769,874	769,874	711,805	58,069
Cable Television	4,950	4,950	3,392	1,558
Electronic Data Processing	607,260	607,260	606,308	952
Human Resources	229,908	229,908	223,203	6,705
Total	<u>4,369,051</u>	<u>4,359,051</u>	<u>4,066,057</u>	<u>292,994</u>
Public Safety:				
Police Service	4,818,112	5,182,186	5,182,171	15
Police Service - Special Detail	350,000	414,985	414,985	-
Fire Protection	3,800,157	4,211,239	4,210,604	635
Building Department	148,969	148,969	147,682	1,287
Total	<u>9,117,238</u>	<u>9,957,379</u>	<u>9,955,442</u>	<u>1,937</u>
Public Works and Highways:				
Public Works	2,079,880	2,079,880	1,995,360	84,520
Sanitation and Waste	2,922,911	2,922,911	2,786,337	136,574
General Engineering	243,985	243,985	240,576	3,409
Total	<u>5,246,776</u>	<u>5,246,776</u>	<u>5,022,273</u>	<u>224,503</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, 2010

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
Recreation:				
Branford Recreation Department	\$ 788,041	\$ 788,041	\$ 769,409	\$ 18,632
Parker Park	66,369	66,369	62,647	3,722
Young's Park Commission	8,242	8,242	6,703	1,539
Docks and Recreational Facilities	13,501	13,501	9,058	4,443
Public Celebration	29,370	29,370	27,404	1,966
Conservation Commission	6,157	6,157	5,952	205
Total	<u>911,680</u>	<u>911,680</u>	<u>881,173</u>	<u>30,507</u>
Libraries:				
James Blackstone Memorial Library	1,074,100	1,074,100	1,074,100	-
Willoughby-Wallace Library	192,790	192,790	191,950	840
Total	<u>1,266,890</u>	<u>1,266,890</u>	<u>1,266,050</u>	<u>840</u>
Health and Welfare:				
Human Services	1,144,000	1,144,000	1,138,747	5,253
Commission for the Elderly	350,684	350,684	320,983	29,701
East Shore District Health	189,412	189,412	189,412	-
Total	<u>1,684,096</u>	<u>1,684,096</u>	<u>1,649,142</u>	<u>34,954</u>
Board of Education	<u>46,738,219</u>	<u>46,738,219</u>	<u>46,325,175</u>	<u>413,044</u>
Pension and Insurance:				
Pension and Contributions	2,850,133	3,155,133	3,016,640	138,493
Employee Group Insurance	4,363,372	4,363,372	4,363,371	1
Municipal Insurance	1,639,425	1,749,425	1,747,450	1,975
Contingency	947,461	36,320		36,320
Total	<u>9,800,391</u>	<u>9,304,250</u>	<u>9,127,461</u>	<u>176,789</u>
Debt Service:				
Principal Retirement	4,223,875	4,332,875	4,333,875	(1,000)
Interest and Fiscal Charges	1,507,364	1,483,364	1,458,582	24,782
Total	<u>5,731,239</u>	<u>5,816,239</u>	<u>5,792,457</u>	<u>23,782</u>
Total expenditures	<u>84,865,580</u>	<u>85,284,580</u>	<u>84,085,230</u>	<u>1,199,350</u>

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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, 2010

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 117,037	\$ 117,037	\$ 117,037	\$ -
Open Space Fund	30,300	30,300	30,300	-
Special Programs Fund	10,000	10,000	10,000	-
Revaluation Fund	62,000	62,000	62,000	-
Sewer Utility Fund	600,000	600,000	600,000	-
Water Assessment Fund	85,000	85,000	85,000	-
Capital Projects Fund:				
Ambulance	75,000	75,000	75,000	-
Fire Apparatus	175,000	175,000	175,000	-
DPW Apparatus	95,000	95,000	95,000	-
Capital Procurement Fund	2,372,060	2,428,060	2,428,060	-
Total other financing uses	<u>3,621,397</u>	<u>3,677,397</u>	<u>3,677,397</u>	<u>-</u>
Total Budgeted Operations	\$ <u>88,486,977</u>	\$ <u>88,961,977</u>	87,762,627	\$ <u>1,199,350</u>
Budgetary expenditures are different than GAAP expenditures because:				
State of Connecticut on-behalf payments to the Connecticut State Teachers' Retirement System for Town teachers are not budgeted.			3,584,206	
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.			641,169	
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>38,715</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>92,026,717</u>	

## TOWN OF BRANFORD, CONNECTICUT

## GENERAL FUND

## COMPARATIVE BALANCE SHEET

JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,686,402	\$ 20,549,768
Investments	4,496,866	5,955,428
Receivables:		
Taxes, net of allowance of \$513,617 for the years ended June 30, 2010 and 2009	3,488,117	1,930,500
Intergovernmental	3,324,788	3,768,064
Other	530,158	1,327,590
Due from other funds	2,738,544	3,039,686
Prepaid items	<u>42,364</u>	<u>23,159</u>
Total Assets	<u>\$ 31,307,239</u>	<u>\$ 36,594,195</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,762,970	\$ 2,033,653
Due to other funds	1,450,000	5,304,259
Deferred revenues	10,136,634	11,340,954
Other	<u>181,519</u>	<u>133,065</u>
Total liabilities	<u>13,531,123</u>	<u>18,811,931</u>
Fund balance:		
Reserved for encumbrances	320,288	360,229
Reserved for prepaid items	42,364	23,159
Unreserved:		
Designated for subsequent year budget	2,900,000	3,000,000
Undesignated - available for appropriation	<u>14,513,464</u>	<u>14,398,876</u>
Total fund balance	<u>17,776,116</u>	<u>17,782,264</u>
Total Liabilities and Fund Balance	<u>\$ 31,307,239</u>	<u>\$ 36,594,195</u>





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

**JUNE 30, 2010**

	Special Revenue							
	Revaluation	Open Space	Water Assessment	Board of Education				Energy Efficiency
				Program	Day Care	Educational Grants	Cafeteria	
<b>ASSETS</b>								
Cash and cash equivalents	\$ 667,995	\$ 272,320	\$ 88,464	\$ 14,608	\$ 368,369	\$ 791,812	\$ 56,701	\$ 23,337
Investment								
Accounts receivable			23,133			19,143		
Intergovernmental						75,429	43,093	
Due from other funds						5,269		
Inventory							7,905	
Total Assets	<u>\$ 667,995</u>	<u>\$ 272,320</u>	<u>\$ 111,597</u>	<u>\$ 14,608</u>	<u>\$ 368,369</u>	<u>\$ 891,653</u>	<u>\$ 107,699</u>	<u>\$ 23,337</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$ 1,011	\$ 350	\$	\$ 392	\$ 3,976	\$ 118,580	\$ 51,541	\$
Due to other funds			4,787			41,030		
Deferred revenue			24,374					
Total liabilities	<u>1,011</u>	<u>350</u>	<u>29,161</u>	<u>392</u>	<u>3,976</u>	<u>159,610</u>	<u>51,541</u>	<u>-</u>
Fund Balance:								
Reserved:								
Inventory and commitments	74,653	2,547		1,921	996		7,905	5,735
Permanent account								
Unreserved:								
Undesignated	592,331	269,423	82,436	12,295	363,397	732,043	48,253	17,602
Total fund balance	<u>666,984</u>	<u>271,970</u>	<u>82,436</u>	<u>14,216</u>	<u>364,393</u>	<u>732,043</u>	<u>56,158</u>	<u>23,337</u>
Total Liabilities and Fund Balance	<u>\$ 667,995</u>	<u>\$ 272,320</u>	<u>\$ 111,597</u>	<u>\$ 14,608</u>	<u>\$ 368,369</u>	<u>\$ 891,653</u>	<u>\$ 107,699</u>	<u>\$ 23,337</u>

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

**JUNE 30, 2010**

	<u>Special Revenue</u>								
	<u>Building Usage</u>	<u>Small Cities Fund</u>	<u>Town Aid Road</u>	<u>Pass Through Grants</u>	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Retiree Benefit</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$ 45,545	\$ 396,300	\$	\$ 586,300	\$ 478,554	\$	\$ 118,828	\$ 86,685
Investment									13,897
Accounts receivable		613,890				7,012			
Intergovernmental						306,995			
Due from other funds									
Inventory									
57 Total Assets	\$	<u>\$ 659,435</u>	<u>\$ 396,300</u>	<u>\$ -</u>	<u>\$ 586,300</u>	<u>\$ 792,561</u>	<u>\$ -</u>	<u>\$ 118,828</u>	<u>\$ 100,582</u>
<b>LIABILITIES AND FUND BALANCE</b>									
Liabilities:									
Accounts payable	\$	\$ 9,000	\$ 19,634	\$	\$ 9,240	\$ 7,233	\$	\$ 2,456	\$ 1,081
Due to other funds	5,269					1,942			870
Deferred revenue		613,890			179,660				
Total liabilities	<u>5,269</u>	<u>622,890</u>	<u>19,634</u>	<u>-</u>	<u>188,900</u>	<u>9,175</u>	<u>-</u>	<u>2,456</u>	<u>1,951</u>
Fund Balance:									
Reserved:									
Inventory and commitments		372	34,619		2,812	42,416		180	
Permanent account									
Unreserved:									
Undesignated	<u>(5,269)</u>	<u>36,173</u>	<u>342,047</u>	<u>-</u>	<u>394,588</u>	<u>740,970</u>	<u>-</u>	<u>116,192</u>	<u>98,631</u>
Total fund balance	<u>(5,269)</u>	<u>36,545</u>	<u>376,666</u>	<u>-</u>	<u>397,400</u>	<u>783,386</u>	<u>-</u>	<u>116,372</u>	<u>98,631</u>
Total Liabilities and Fund Balance	\$	<u>\$ 659,435</u>	<u>\$ 396,300</u>	<u>\$ -</u>	<u>\$ 586,300</u>	<u>\$ 792,561</u>	<u>\$ -</u>	<u>\$ 118,828</u>	<u>\$ 100,582</u>

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

**JUNE 30, 2010**

	<u>Special Revenue</u>						
	<u>Elderly Commission</u>	<u>Board of Education Severance</u>	<u>Animal Control</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 424,529	\$ 60,948	\$ 129,454	\$ 2,470	\$ 24,207	\$ 2,600,878	\$ 7,238,304
Investment							13,897
Accounts receivable						130,221	793,399
Intergovernmental			12,662			373,158	811,337
Due from other funds							5,269
Inventory							7,905
Total Assets	<u>\$ 424,529</u>	<u>\$ 60,948</u>	<u>\$ 142,116</u>	<u>\$ 2,470</u>	<u>\$ 24,207</u>	<u>\$ 3,104,257</u>	<u>\$ 8,870,111</u>
<b>LIABILITIES AND FUND BALANCE</b>							
Liabilities:							
Accounts payable	\$	\$	\$ 14,199	\$	\$ 705	\$ 124,932	\$ 364,330
Due to other funds						438,739	492,637
Deferred revenue					17,261	131,185	966,370
Total liabilities	<u>-</u>	<u>-</u>	<u>14,199</u>	<u>-</u>	<u>17,966</u>	<u>694,856</u>	<u>1,823,337</u>
Fund Balance:							
Reserved:							
Inventory and commitments	314		38,715			33,913	247,098
Permanent account							
Unreserved:							
Undesignated	424,215	60,948	89,202	2,470	6,241	2,375,488	6,799,676
Total fund balance	<u>424,529</u>	<u>60,948</u>	<u>127,917</u>	<u>2,470</u>	<u>6,241</u>	<u>2,409,401</u>	<u>7,046,774</u>
Total Liabilities and Fund Balance	<u>\$ 424,529</u>	<u>\$ 60,948</u>	<u>\$ 142,116</u>	<u>\$ 2,470</u>	<u>\$ 24,207</u>	<u>\$ 3,104,257</u>	<u>\$ 8,870,111</u>

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

**JUNE 30, 2010**

**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	\$	\$	\$	\$	\$	\$	\$	\$
Investment	116,368	5,215	5,264	38,481	72,681	121,641	-	7,359,945
Accounts receivable						116,368		130,265
Intergovernmental						-		793,399
Due from other funds		69				69	(5,338)	811,337
Inventory						-		-
						-		7,905
Total Assets	<u>\$ 116,368</u>	<u>\$ 5,284</u>	<u>\$ 5,264</u>	<u>\$ 38,481</u>	<u>\$ 72,681</u>	<u>\$ 238,078</u>	<u>\$ (5,338)</u>	<u>\$ 9,102,851</u>
<b>LIABILITIES AND FUND BALANCE</b>								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$
Due to other funds	2,000					2,000		366,330
Deferred revenue	69					69	(5,338)	487,368
Total liabilities	<u>2,069</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069</u>	<u>(5,338)</u>	<u>966,370</u>
Fund Balance:								
Reserved:								
Inventory and commitments						-		247,098
Permanent account	1,500	4,000	5,000	30,000	59,920	100,420		100,420
Unreserved:								
Undesignated	112,799	1,284	264	8,481	12,761	135,589		6,935,265
Total fund balance	<u>114,299</u>	<u>5,284</u>	<u>5,264</u>	<u>38,481</u>	<u>72,681</u>	<u>236,009</u>	<u>-</u>	<u>7,282,783</u>
Total Liabilities and Fund Balance	<u>\$ 116,368</u>	<u>\$ 5,284</u>	<u>\$ 5,264</u>	<u>\$ 38,481</u>	<u>\$ 72,681</u>	<u>\$ 238,078</u>	<u>\$ (5,338)</u>	<u>\$ 9,102,851</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

Special Revenue

Board of Education

	<u>Revaluation</u>	<u>Open Space</u>	<u>Water Assessment</u>	<u>Program</u>	<u>Day Care</u>	<u>Educational Grants</u>	<u>Cafeteria</u>	<u>Energy Efficiency</u>	<u>Building Usage</u>
Revenues:									
Assessment income	\$	\$	\$ 8,107	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			35,601			4,050,997	347,331		
Sales and services				59,496	478,371		5,136		
Investment income	8	781	7	8	209		135	82	
Other		20,708	40						
Sale of food							761,863		
Total revenues	<u>8</u>	<u>21,489</u>	<u>43,755</u>	<u>59,504</u>	<u>478,580</u>	<u>4,050,997</u>	<u>1,114,465</u>	<u>82</u>	<u>-</u>
Expenditures:									
Current:									
General government	250,389								
Public safety									
Public works and highway			811						
Parks, recreation and libraries		40,672							
Health and human services									
Education				55,144	423,428	3,523,913	1,106,540	2,868	5,269
Pension and insurance									
Debt service			42,194						
Total expenditures	<u>250,389</u>	<u>40,672</u>	<u>43,005</u>	<u>55,144</u>	<u>423,428</u>	<u>3,523,913</u>	<u>1,106,540</u>	<u>2,868</u>	<u>5,269</u>
Excess (Deficiency) of Revenues over Expenditures	(250,381)	(19,183)	750	4,360	55,152	527,084	7,925	(2,786)	(5,269)
Other Financing Sources (Uses):									
Transfers in	62,000	30,300	85,000						
Transfers out									
Net Change in Fund Balances	(188,381)	11,117	85,750	4,360	55,152	527,084	7,925	(2,786)	(5,269)
Fund Balances at Beginning of Year	<u>855,365</u>	<u>260,853</u>	<u>(3,314)</u>	<u>9,856</u>	<u>309,241</u>	<u>204,959</u>	<u>48,233</u>	<u>26,123</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 666,984</u>	<u>\$ 271,970</u>	<u>\$ 82,436</u>	<u>\$ 14,216</u>	<u>\$ 364,393</u>	<u>\$ 732,043</u>	<u>\$ 56,158</u>	<u>\$ 23,337</u>	<u>\$ (5,269)</u>

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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, 2010**

Special Revenue

	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Pass Through Grants</u>	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Retiree Benefit</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>
Revenues:								
Assessment income	\$	\$	\$	\$	\$ 0	\$		\$
Intergovernmental revenues	223,500	268,676	357,477	8,150	1,042,119			1,925
Sales and services	4,356			336,525	4,291			
Investment income	134	1,192		1,332	753		328	852
Other				40,572	32,416		53,482	23,017
Sale of food								
Total revenues	<u>227,990</u>	<u>269,868</u>	<u>357,477</u>	<u>386,579</u>	<u>1,079,579</u>	<u>-</u>	<u>53,810</u>	<u>25,794</u>
Expenditures:								
Current:								
General government					53,629			
Public safety					562,195			
Public works and highway		172,313			447,614			
Parks, recreation and libraries				445,940	7,900			28,924
Health and human services	225,823		357,477		113,323		58,591	
Education								
Pension and insurance						50,000		
Debt service								
Total expenditures	<u>225,823</u>	<u>172,313</u>	<u>357,477</u>	<u>445,940</u>	<u>1,184,661</u>	<u>50,000</u>	<u>58,591</u>	<u>28,924</u>
Excess (Deficiency) of Revenues over Expenditures	2,167	97,555	-	(59,361)	(105,082)	(50,000)	(4,781)	(3,130)
Other Financing Sources (Uses):								
Transfers in					10,000			
Transfers out					(2,362)			
Net Change in Fund Balances	2,167	97,555	-	(59,361)	(97,444)	(50,000)	(4,781)	(3,130)
Fund Balances at Beginning of Year	<u>34,378</u>	<u>279,111</u>	<u>-</u>	<u>456,761</u>	<u>880,830</u>	<u>50,000</u>	<u>121,153</u>	<u>101,761</u>
Fund Balances at End of Year	<u>\$ 36,545</u>	<u>\$ 376,666</u>	<u>\$ -</u>	<u>\$ 397,400</u>	<u>\$ 783,386</u>	<u>\$ -</u>	<u>\$ 116,372</u>	<u>\$ 98,631</u>

(Continued on next page)

## TOWN OF BRANFORD, CONNECTICUT

## NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2010

Special Revenue

	<u>Elderly Commission</u>	<u>Board of Education Severance</u>	<u>Animal Control</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$ 2,455,901	\$ 2,464,008
Intergovernmental revenues			50,648			131,242	6,517,666
Sales and services			18,293		34,219	453,830	1,394,517
Investment income	973	204	216			23,714	30,928
Other	23,131		2,239	15,000		7,964	218,569
Sale of food							761,863
Total revenues	<u>24,104</u>	<u>204</u>	<u>71,396</u>	<u>15,000</u>	<u>34,219</u>	<u>3,072,651</u>	<u>11,387,551</u>
Expenditures:							
Current:							
General government							304,018
Public safety			192,535				754,730
Public works and highway						2,293,852	2,914,590
Parks, recreation and libraries							523,436
Health and human services	8,717						763,931
Education				15,591	36,909		5,169,662
Pension and insurance							50,000
Debt service							42,194
Total expenditures	<u>8,717</u>	<u>-</u>	<u>192,535</u>	<u>15,591</u>	<u>36,909</u>	<u>2,293,852</u>	<u>10,522,561</u>
Excess (Deficiency) of Revenues over Expenditures	15,387	204	(121,139)	(591)	(2,690)	778,799	864,990
Other Financing Sources (Uses):							
Transfers in			117,037			600,000	904,337
Transfers out						(799,750)	(802,112)
Net Change in Fund Balances	15,387	204	(4,102)	(591)	(2,690)	579,049	967,215
Fund Balances at Beginning of Year	<u>409,142</u>	<u>60,744</u>	<u>132,019</u>	<u>3,061</u>	<u>8,931</u>	<u>1,830,352</u>	<u>6,079,559</u>
Fund Balances at End of Year	<u>\$ 424,529</u>	<u>\$ 60,948</u>	<u>\$ 127,917</u>	<u>\$ 2,470</u>	<u>\$ 6,241</u>	<u>\$ 2,409,401</u>	<u>\$ 7,046,774</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, 2010**

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>
Revenues:								
Assessment income	\$	\$	\$	\$	\$	-	\$	2,464,008
Intergovernmental revenues						-		6,517,666
Sales and services						-		1,394,517
Investment income	12,215	18	17	129	242	12,621		43,549
Other						-		218,569
Sale of food						-		761,863
Total revenues	<u>12,215</u>	<u>18</u>	<u>17</u>	<u>129</u>	<u>242</u>	<u>12,621</u>	<u>-</u>	<u>11,400,172</u>
Expenditures:								
Current:								
General government						-		304,018
Public safety						-		754,730
Public works and highway						-		2,914,590
Parks, recreation and libraries						-		523,436
Health and human services	2,150					2,150		766,081
Education		250	125	500		875		5,170,537
Pension and insurance						-		50,000
Debt service						-		42,194
Total expenditures	<u>2,150</u>	<u>250</u>	<u>125</u>	<u>500</u>	<u>-</u>	<u>3,025</u>	<u>-</u>	<u>10,525,586</u>
Excess (Deficiency) of Revenues over Expenditures	10,065	(232)	(108)	(371)	242	9,596	-	874,586
Other Financing Sources (Uses):								
Transfers in								904,337
Transfers out								<u>(802,112)</u>
Net Change in Fund Balances	10,065	(232)	(108)	(371)	242	9,596	-	976,811
Fund Balances at Beginning of Year	<u>104,234</u>	<u>5,516</u>	<u>5,372</u>	<u>38,852</u>	<u>72,439</u>	<u>226,413</u>	<u>-</u>	<u>6,305,972</u>
Fund Balances at End of Year	<u>\$ 114,299</u>	<u>\$ 5,284</u>	<u>\$ 5,264</u>	<u>\$ 38,481</u>	<u>\$ 72,681</u>	<u>\$ 236,009</u>	<u>\$ -</u>	<u>\$ 7,282,783</u>

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

**JUNE 30, 2010**

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 3,961,127	\$ 2,094,918	\$ 220,786	\$	\$ 6,276,831
Accounts receivable	80,688				80,688
Due from other funds		80,679	35,000	(5,679)	110,000
Total assets	<u>4,041,815</u>	<u>2,175,597</u>	<u>255,786</u>	<u>(5,679)</u>	<u>6,467,519</u>
<b>Liabilities:</b>					
Accounts payable		1,585			1,585
Claims incurred not reported	583,620	950,959	1,180,597		2,715,176
Due to other funds			5,679	(5,679)	-
Total liabilities	<u>583,620</u>	<u>952,544</u>	<u>1,186,276</u>	<u>(5,679)</u>	<u>2,716,761</u>
<b>Net Assets:</b>					
Unrestricted	<u>\$ 3,458,195</u>	<u>\$ 1,223,053</u>	<u>\$ (930,490)</u>	<u>\$ -</u>	<u>\$ 3,750,758</u>

## TOWN OF BRANFORD, CONNECTICUT

## INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Operating Revenues:					
Contributions for benefits	\$ 10,185,211	\$ 1,040,047	\$ 320,000	\$ -	\$ 11,545,258
Others	255,714	31,333			287,047
Total operating revenues	<u>10,440,925</u>	<u>1,071,380</u>	<u>320,000</u>	<u>-</u>	<u>11,832,305</u>
Operating Expenses:					
Benefit claims	7,380,143	968,680	555,832		8,904,655
Claims administration	939,942	56,328			996,270
Total operating expenses	<u>8,320,085</u>	<u>1,025,008</u>	<u>555,832</u>	<u>-</u>	<u>9,900,925</u>
Operating Income (Loss)	2,120,840	46,372	(235,832)	-	1,931,380
Nonoperating Income - Interest Income	<u>5,668</u>	<u>3,524</u>	<u>754</u>	<u>-</u>	<u>9,946</u>
Change in Net Assets	2,126,508	49,896	(235,078)	-	1,941,326
Net Assets at Beginning of Year	<u>1,331,687</u>	<u>1,173,157</u>	<u>(695,412)</u>	<u>-</u>	<u>1,809,432</u>
Net Assets at End of Year	<u>\$ 3,458,195</u>	<u>\$ 1,223,053</u>	<u>\$ (930,490)</u>	<u>\$ -</u>	<u>\$ 3,750,758</u>

**TOWN OF BRANFORD, CONNECTICUT**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	<b>Medical Fund</b>	<b>Workers' Compensation Fund</b>	<b>Heart and Hypertension Fund</b>	<b>Interfund Eliminations</b>	<b>Total</b>
Cash Flows from Operating Activities:					
Cash received for benefits	\$ 10,567,988	\$ 996,380	\$ 320,000	\$	\$ 11,884,368
Cash paid for benefits and administration	(7,904,051)	(713,471)	(334,752)	-	(8,952,274)
Net cash provided by (used in) operating activities	2,663,937	282,909	(14,752)	-	2,932,094
Cash Flows from Investing Activities:					
Interest income	5,668	3,524	754	-	9,946
Net Increase (Decrease) in Cash and Cash Equivalents	2,669,605	286,433	(13,998)	-	2,942,040
Cash and Cash Equivalents at Beginning of Year	1,291,522	1,808,485	234,784	-	3,334,791
Cash and Cash Equivalents at End of Year	\$ 3,961,127	\$ 2,094,918	\$ 220,786	\$ -	\$ 6,276,831
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 2,120,840	\$ 46,372	\$ (235,832)	\$	\$ 1,931,380
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Changes in balance sheet accounts:					
Increase (decrease) in payables	416,034	311,537	221,080	-	948,651
(Increase) decrease in receivables	127,063	(75,000)	-	-	52,063
Net Cash Provided by (Used in) Operating Activities	\$ 2,663,937	\$ 282,909	\$ (14,752)	\$ -	\$ 2,932,094

## TOWN OF BRANFORD, CONNECTICUT

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Branford Conservation Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>1,730</u>	\$ <u>6</u>	\$ <u>150</u>	\$ <u>1,586</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,730</u>	\$ <u>6</u>	\$ <u>150</u>	\$ <u>1,586</u>
<b>Shellfish Commission</b>				
Assets:				
Cash and cash equivalents	\$ <u>69,991</u>	\$ <u>37,369</u>	\$ <u>5,100</u>	\$ <u>102,260</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>69,991</u>	\$ <u>37,369</u>	\$ <u>5,100</u>	\$ <u>102,260</u>
<b>Academy-On-The-Green</b>				
Assets:				
Cash and cash equivalents	\$ <u>35,370</u>	\$ <u>1,771</u>	\$ <u>1,974</u>	\$ <u>35,167</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>35,370</u>	\$ <u>1,771</u>	\$ <u>1,974</u>	\$ <u>35,167</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, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Volunteer Firemen's Pension Fund</b>				
Assets:				
Cash and cash equivalents	\$ 13,266	\$	\$ 2,670	\$ 10,596
Investments	<u>207,725</u>	<u>67,197</u>	<u>32,277</u>	<u>242,645</u>
Total Assets	<u>\$ 220,991</u>	<u>\$ 67,197</u>	<u>\$ 34,947</u>	<u>\$ 253,241</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 220,991</u>	<u>\$ 67,197</u>	<u>\$ 34,947</u>	<u>\$ 253,241</u>
<b>Branford Medical Transit</b>				
Assets:				
Cash and cash equivalents	<u>\$ 9,756</u>	<u>\$ 17,745</u>	<u>\$ 6,288</u>	<u>\$ 21,213</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 9,756</u>	<u>\$ 17,745</u>	<u>\$ 6,288</u>	<u>\$ 21,213</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, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Commission on Services For the Elderly</b>				
Assets:				
Cash and cash equivalents	\$ 27,787	\$ 187,415	\$ 155,799	\$ 59,403
Liabilities:				
Due to students, employees and other groups	\$ 27,787	\$ 187,415	\$ 155,799	\$ 59,403
<b>Student Activity Funds</b>				
Assets:				
Cash and cash equivalents	\$ 699,038	\$ 2,209,829	\$ 2,362,238	\$ 546,629
Investments	167,979		48,639	119,340
Total Assets	\$ 867,017	\$ 2,209,829	\$ 2,410,877	\$ 665,969
Liabilities:				
Due to students, employees and other groups	\$ 867,017	\$ 2,209,829	\$ 2,410,877	\$ 665,969

(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, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Developer Bond Funds</b>				
Assets:				
Cash and cash equivalents	\$ 551,426	\$ 25,343	\$ 62,483	\$ 514,286
Liabilities:				
Due to students, employees and other groups	\$ 551,426	\$ 25,343	\$ 62,483	\$ 514,286
<b>Total All Funds</b>				
Assets:				
Cash and cash equivalents	\$ 1,408,364	\$ 2,479,478	\$ 2,596,702	\$ 1,291,140
Investments	375,704	67,197	80,916	361,985
Total Assets	\$ 1,784,068	\$ 2,546,675	\$ 2,677,618	\$ 1,653,125
Liabilities:				
Due to students, employees and other groups	\$ 1,784,068	\$ 2,546,675	\$ 2,677,618	\$ 1,653,125
Total Liabilities	\$ 1,784,068	\$ 2,546,675	\$ 2,677,618	\$ 1,653,125



## TOWN OF BRANFORD, CONNECTICUT

## STATEMENT OF DEBT LIMITATION

JUNE 30, 2010

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2010	\$ 78,398
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,237
Reimbursement for revenue loss on: Elderly tax relief	<u>12</u>
Base	<u>\$ 79,647</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	\$ 179,206	\$	\$	\$	\$
4-1/2 times base		358,412			
3-3/4 times base			298,677		
3-1/4 times base				258,853	
3 times base					238,941
Total debt limitation	<u>179,206</u>	<u>358,412</u>	<u>298,677</u>	<u>258,853</u>	<u>238,941</u>
Indebtedness:					
Bonds payable	6,434	8,890	23,846		
Bonds authorized and unissued	12,641	2,085			
School building grants receivables		(3,134)			
Total indebtedness	<u>19,075</u>	<u>7,841</u>	<u>23,846</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 160,131</u>	<u>\$ 350,571</u>	<u>\$ 274,831</u>	<u>\$ 258,853</u>	<u>\$ 238,941</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$557,530.

Note 2: Water bonds of \$70 are excluded from the computation above.