

TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2008

TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-10
 <u>Exhibit</u>	
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 Plan Net Assets - Pension Trust Fund 21
	Notes to Financial Statements 22-42
Required Supplementary Information:	
General Fund:	
RSI-1	Schedule of Revenues and Other Financing Sources - Budget and Actual 43-45
RSI-2	Schedule of Expenditures and Other Financing Uses - Budget and Actual 46-48
Combining and Individual Fund Statements and Schedules:	
General Fund:	
A-1	Comparative Balance Sheet 49
A-2	Report of Tax Collector 50
Nonmajor Governmental Funds:	
B-1	Combining Balance Sheet 51-54
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances 55-58
Internal Service Fund:	
C-1	Combining Statement of Net Assets 59
C-2	Combining Statement of Revenues, Expenses and Changes in Net Assets 60
C-3	Combining Statement of Cash Flows 61
Agency Funds:	
D	Combining Statement of Changes in Assets and Liabilities 62-65
Long-Term Debt:	
E	Statement of Debt Limitation 66



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, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2008 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 43 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blum, Shapiro & Company, P.C.

December 23, 2008

TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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, 2008. 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 \$1,331.
- During the year, the Town had expenses that were \$1,331 less than the \$111,443 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$110,113 with no new programs added this year.
- The General Fund reported a fund balance this year of \$16,929.
- The resources available for appropriation were \$1,388 more than budgeted for the General Fund. Expenditures were kept within spending limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town’s combined net assets increased from a year ago, increasing from \$109,916 to \$111,246. 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**

	Governmental Activities	
	2008	2007
Current assets	\$ 47,418	\$ 41,192
Capital assets, net of accumulated depreciation	133,527	134,085
Total assets	<u>180,945</u>	<u>175,277</u>
Long-term debt outstanding	54,790	59,482
Other liabilities	14,909	5,879
Total liabilities	<u>69,699</u>	<u>65,361</u>
Net Assets:		
Invested in capital assets, net of debt	80,483	80,924
Restricted	254	262
Unrestricted	<u>30,510</u>	<u>28,730</u>
Total Net Assets	<u>\$ 111,247</u>	<u>\$ 109,916</u>

The Town experienced an increase in net assets of its governmental activities of 1.2% 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 \$28,730 at June 30, 2007 to \$30,510 at the end of this year.

The change in unrestricted governmental net assets was primarily due to the Town’s positive results of operations and investments in capital assets.

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,260	\$ 6,568
Operating grants and contributions	23,022	9,595
Capital grants and contributions	3	113
General revenues:		
Property taxes	74,067	72,042
Grants and contributions not restricted to specific programs	2,678	1,472
Unrestricted investment earnings	1,869	2,138
Other general revenues	544	344
Total revenues	<u>111,443</u>	<u>92,272</u>
 Program expenses:		
General government	6,774	4,722
Public safety	10,651	9,196
Public works and highway	11,109	10,541
Parks, recreation and libraries	3,377	2,363
Health and human services	2,612	2,502
Education	65,763	50,314
Pension and insurance	7,924	6,150
Interest debt service	1,902	1,930
Total program expenses	<u>110,113</u>	<u>87,718</u>
 Increase in Net Assets	 \$ <u>1,331</u>	 \$ <u>4,554</u>

The Town's total revenues were \$111,443. The total cost of all programs and services was \$110,113. 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 \$1,388 higher than budgeted. Of this amount, \$729 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$582. Intergovernmental Revenue exceeded budget due to conservative estimates of state assistance and an expectation that principal and interest subsidies from the State’s school construction program would be reduced pursuant to audits. Other Income exceeded the budget by \$289 primarily due to demand for recyclable materials.

Expenditures were \$1,353 less than anticipated. The primary factors contributing to the expenditure balance relate to a decline in solid waste activity fees, police extra duty activity coupled with positive developments relating to insurance renewals, which are generally determined after the budget is adopted. In addition, pension costs were lower than anticipated due to unsettled labor contracts. Board of Education expenditures were slightly less than budgeted. Finally, vacancies in various departments produced savings in direct wages.

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**

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General government	\$ 6,774	\$ 4,722	\$ 5,308	\$ 3,283
Public safety	10,651	9,196	8,813	7,510
Public works and highway	11,109	10,541	6,987	8,742
Parks, recreation and libraries	3,377	2,363	3,030	1,939
Health and human services	2,612	2,502	1,029	987
Education	65,763	50,314	43,398	41,478
Pension and insurance	7,924	6,150	7,554	5,780
Interest and debt service	1,902	1,930	1,709	1722
Total	\$ 110,113	\$ 87,718	\$ 77,827	\$ 71,441

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 \$21,499, which is a decrease from last year’s total of \$23,305. The primary reason for the decrease relates to the issuance of bond anticipation notes coupled with an increase in temporary notes issued to fund clean water fund projects.

General Fund Budgetary Highlights

The Town's general fund expenditures plus encumbrances totaled \$85,362. 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 \$1,353. During the year, the Town was able to appropriate an additional \$372,454 to fund the purchase of a new financial system and for architectural services associated with proposed renovations to the James Blackstone Memorial Library. Revenues totaled \$85,731 and as stated earlier this amount reflects strong tax collections and favorable intergovernmental results.

The Town's General Fund balance of \$16,929 reported on Exhibit III differs from the General Fund's budgetary fund balance of \$16,488. This is principally because budgetary fund balance does not include \$441 of outstanding encumbrances at year end which are reported as expenditures for budgetary purposes.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Town had \$133,527 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 \$558 or less than 1%, over last year.

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

	Governmental Activities	
	2008	2007
Land	\$ 12,864	\$ 12,712
Land improvements	811	773
Buildings	75,451	76,930
Machinery and equipment	8,534	9,053
Construction in progress	3,803	953
Infrastructure	32,064	33,664
Total	\$ <u>133,527</u>	\$ <u>134,085</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 2008-09 budget as adopted does not contemplate any major additions to capital assets. However, the Town anticipates authorizing notes during the 2008-09 fiscal year for litigation associated with the Tabor Drive acquisition and for improvements to Blackstone Library. In addition, expenditures for improvements to the wastewater collection system will move from the construction in progress category to the building, equipment and infrastructure categories. More detailed information about the Town's capital assets is presented in Note 1 and Note 5 to the financial statements.

Long-Term Debt

At June 30, 2008, the Town had \$45,854 in bonds and notes outstanding versus \$52,449 last year - a decrease of \$6,595 or 12.6%. The Town anticipates that this reduction will provide the added debt capacity for future capital projects and for future liabilities resulting from judgments.

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

Other obligations include accrued vacation pay and sick leave. More detailed information about the Town's long-term liabilities is presented in Note 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 2008-2009 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 owners exacerbated by the past revaluations, increasing energy costs and tax appeals. Town officials were also acutely aware that property owners were faced with increasing costs for gasoline and food. In addition, the Board increased the amount to be appropriated from fund balance in an effort to provide a form of tax relief in response to deteriorating economic conditions. Faced with these challenges, Town officials felt compelled to mitigate the increase in the Town's tax requirements. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, Branford adopted a General Fund budget of \$88,401,229 for 2008-2009 which represents an increase of \$1.6 million or 1.9% as compared to the 2007-2008 amended budget. Increased property taxes (benefiting from the 2008 tax rate increases and increases in assessed valuations) of \$3,310 will offset a portion of this amount and offset other revenue reductions. The budget also appropriates \$2.7 million from fund balance.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 31,904,261
Investments	5,112,668
Receivables, net	10,207,178
Inventory	9,226
Prepaid items	184,895
Capital assets not being depreciated	16,667,015
Capital assets being depreciated, net of accumulated depreciation	116,860,117
Total assets	<u>180,945,360</u>
Liabilities:	
Accounts and other payables	3,864,343
Unearned revenue	4,880,871
Bond anticipation notes and notes payable	6,000,059
Other	164,150
Noncurrent liabilities:	
Due within one year	7,337,581
Due in more than one year	47,451,706
Total liabilities	<u>69,698,710</u>
Net Assets:	
Invested in capital assets, net of related debt	80,482,659
Restricted for Trusts:	
Expendable	153,884
Nonexpendable	100,420
Unrestricted	<u>30,509,687</u>
Total Net Assets	<u>\$ 111,246,650</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, 2008

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 6,774,439	\$ 1,460,133	\$ 6,646	\$	\$ (5,307,660)
Public safety	10,651,476	1,594,092	244,841		(8,812,543)
Public works and highway	11,108,648	3,576,547	544,901		(6,987,200)
Parks, recreation and libraries	3,377,159	338,919	8,175		(3,030,065)
Health and human services	2,612,209	499,212	1,083,508		(1,029,489)
Education	65,762,745	1,421,158	20,941,222	2,765	(43,397,600)
Pension and insurance	7,924,023	370,232			(7,553,791)
Interest and debt service	1,901,899		192,906		(1,708,993)
Total	<u>\$ 110,112,598</u>	<u>\$ 9,260,293</u>	<u>\$ 23,022,199</u>	<u>\$ 2,765</u>	<u>(77,827,341)</u>
General revenues:					
Property taxes					74,067,325
Grants and contributions not restricted to specific programs					2,677,522
Unrestricted investment earnings					1,869,266
Miscellaneous					380,619
Contributed assets					163,200
Total general revenues					<u>79,157,932</u>
Change in net assets					1,330,591
Net Assets at Beginning of Year					<u>109,916,059</u>
Net Assets at End of Year					<u>\$ 111,246,650</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2008

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 19,976,547	\$ 390,019	\$ 1,661,275	\$ 7,453,381	\$ 29,481,222
Investments	4,967,168			145,500	5,112,668
Receivables, net	7,704,761	5,257	1,003,039	1,486,369	10,199,426
Due from other funds	272,388	2,346,013		481,746	3,100,147
Inventories				9,226	9,226
Prepaid items	28,339				28,339
Total Assets	<u>\$ 32,949,203</u>	<u>\$ 2,741,289</u>	<u>\$ 2,664,314</u>	<u>\$ 9,576,222</u>	<u>\$ 47,931,028</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,997,395	\$ 1,150,359	\$ 3	\$ 497,859	\$ 3,645,616
Due to other funds	2,367,287	480,000	213,617	58,771	3,119,675
Deferred revenue	11,491,708		1,003,039	1,007,600	13,502,347
Bond anticipation notes and notes payable		6,000,059			6,000,059
Other	164,150				164,150
Total liabilities	<u>16,020,540</u>	<u>7,630,418</u>	<u>1,216,659</u>	<u>1,564,230</u>	<u>26,431,847</u>
Fund balances:					
Reserved	440,505	610,731		147,593	1,198,829
Unreserved, reported in:					
General Fund	16,488,158				16,488,158
Special Revenue Funds			1,447,655	7,710,515	9,158,170
Capital Project Funds		(5,499,860)			(5,499,860)
Permanent Funds				153,884	153,884
Total fund balances	<u>16,928,663</u>	<u>(4,889,129)</u>	<u>1,447,655</u>	<u>8,011,992</u>	<u>21,499,181</u>
Total Liabilities and Fund Balances	<u>\$ 32,949,203</u>	<u>\$ 2,741,289</u>	<u>\$ 2,664,314</u>	<u>\$ 9,576,222</u>	<u>\$ 47,931,028</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2008

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	\$ 21,499,181
--	---------------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 221,980,564	
Less accumulated depreciation	(88,453,432)	
Net capital assets	<u>133,527,132</u>	133,527,132

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

Net pension asset	156,556
Property tax receivables greater than 60 days	1,514,096
Interest receivable on property taxes	1,047,271
Assessments receivable	1,038,556
Housing loans receivable	544,847
Receivable from the state for school construction projects	4,476,706

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.

	847,934
--	---------

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	(45,854,224)
Interest payable on bonds and notes	(201,538)
Compensated absences	(4,851,677)
Capital lease	(1,499,821)
Deferred charges on refunding	309,631
Landfill	<u>(1,308,000)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 111,246,650</u>
---	-----------------------

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 74,049,248	\$	\$	\$	\$ 74,049,248
Assessments and interest			448,160	2,740,521	3,188,681
Intergovernmental	21,920,852	10,152		4,397,323	26,328,327
Charges for services	3,403,921	35,184		2,254,459	5,693,564
Income on investments	1,465,733		46,443	222,880	1,735,056
Miscellaneous	1,102,307	26,156		224,417	1,352,880
Total revenues	<u>101,942,061</u>	<u>71,492</u>	<u>494,603</u>	<u>9,839,600</u>	<u>112,347,756</u>
Expenditures:					
Current:					
General government	4,254,866			24,285	4,279,151
Public safety	9,209,994			336,774	9,546,768
Public works and highway	4,882,487		6,325	2,266,343	7,155,155
Parks, recreation and libraries	2,045,021			368,651	2,413,672
Health and human services	1,491,270			1,086,640	2,577,910
Education	60,571,587			4,001,818	64,573,405
Pension and insurance	7,184,818				7,184,818
Capital outlay		8,791,138			8,791,138
Debt service	8,148,690		226,525	58,022	8,433,237
Total expenditures	<u>97,788,733</u>	<u>8,791,138</u>	<u>232,850</u>	<u>8,142,533</u>	<u>114,955,254</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,153,328</u>	<u>(8,719,646)</u>	<u>261,753</u>	<u>1,697,067</u>	<u>(2,607,498)</u>
Other Financing Sources (Uses):					
Transfers in	365,000	2,965,774		1,543,895	4,874,669
Transfers out	(4,204,669)			(670,000)	(4,874,669)
Proceeds from capital lease		901,600			901,600
Total other financing sources (uses)	<u>(3,839,669)</u>	<u>3,867,374</u>	<u>-</u>	<u>873,895</u>	<u>901,600</u>
Net Change in Fund Balances	313,659	(4,852,272)	261,753	2,570,962	(1,705,898)
Fund Balances at Beginning of Year	<u>16,615,004</u>	<u>(36,857)</u>	<u>1,185,902</u>	<u>5,441,030</u>	<u>23,205,079</u>
Fund Balances at End of Year	<u>\$ 16,928,663</u>	<u>\$ (4,889,129)</u>	<u>\$ 1,447,655</u>	<u>\$ 8,011,992</u>	<u>\$ 21,499,181</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, 2008

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities:

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ (1,705,898)
---	----------------

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

Capital outlay	4,064,159
Depreciation expense	(4,737,747)

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	163,200
---	---------

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.	(47,540)
---	----------

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	(900,076)
Property tax receivable-accrual basis change	14,929
Property tax interest and lien revenue -accrual basis change	3,147
Sewer assessment receivable-accrual basis change	(240,276)
Housing loans receivable	(46,526)
Net pension asset	20,675

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	6,595,140
Capital lease payments	113,662
Capital lease financing	(901,600)

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	(707,119)
Accrued interest	25,047
Amortization of deferred charge on refunding	(86,034)
Termination benefits	402,794
Landfill post closure care	(40,500)

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>(658,846)</u>
---	------------------

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 1,330,591</u>
--	---------------------

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 2,423,039
Accounts receivable	7,752
Due from other funds	<u>19,528</u>
Total assets	<u>2,450,319</u>
Liabilities:	
Accounts and other payables	17,189
Risk management claims	<u>1,585,196</u>
Total liabilities	<u>1,602,385</u>
Net Assets:	
Unrestricted	\$ <u><u>847,934</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, 2008

	Governmental Activities
	Internal Service Funds
	<hr/> <hr/>
Operating Revenues:	
Contributions for benefits	\$ 2,906,006
Other	83,195
Total contributions	<hr/> 2,989,201 <hr/>
Operating Expenses:	
Benefit claims	3,570,610
Claims administration	178,471
Total operating expenses	<hr/> 3,749,081 <hr/>
Operating Loss	(759,880)
Nonoperating Revenue:	
Income on investments	<hr/> 101,034
Change in Net Assets	(658,846)
Net Assets at Beginning of Year	<hr/> 1,506,780 <hr/>
Net Assets at End of Year	\$ <hr/> 847,934 <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 3,145,314
Cash payments to providers of benefits and administration	<u>(3,062,761)</u>
Net cash provided by operating activities	82,553
Cash Flows from Investing Activities:	
Income on investments	<u>101,034</u>
Net Increase in Cash and Cash Equivalents	183,587
Cash and Cash Equivalents at Beginning of Year	<u>2,239,452</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,423,039</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating loss	\$ (759,880)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Change in assets and liabilities:	
(Increase) decrease in receivables	156,113
Increase (decrease) in accounts payable	<u>686,320</u>
Net Cash Provided by Operating Activities	<u>\$ 82,553</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, 2008

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and cash equivalents	\$ 328	\$ 1,544,641
Investments	<u>14,202,846</u>	<u>393,233</u>
Total assets	<u>14,203,174</u>	<u>\$ 1,937,874</u>
Liabilities:		
Due to students and others	<u> </u>	<u>\$ 1,937,874</u>
Total liabilities	<u> </u>	<u>\$ 1,937,874</u>
Net Assets:		
Held in Trust for Pension Benefits	<u>\$ 14,203,174</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND

FOR THE YEAR ENDED JUNE 30, 2008

Additions:

Contributions:

Employer	\$ 802,960
Plan members	207,246
Total contributions	<u>1,010,206</u>

Investment income:

Net depreciation in fair value of investments	(803,752)
Interest and dividends	<u>550,051</u>

Net investment loss	<u>(253,701)</u>
---------------------	------------------

Total additions	<u>756,505</u>
-----------------	----------------

Deductions:

Benefits	699,757
Administration	<u>63,475</u>

Total deductions	<u>763,232</u>
------------------	----------------

Net Decrease	(6,727)
--------------	---------

Net Assets Held in Trust for Pension Benefits, Beginning of Year	<u>14,209,901</u>
--	-------------------

Net Assets Held in Trust for Pension Benefits, End of Year	<u><u>\$ 14,203,174</u></u>
--	-----------------------------

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

Pension Trust Fund accounts for the Branford Retirement System.

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

D. Deposits and Investments

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

State statutes authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements and certain other investments as described in Note 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 liened. An amount of \$513,617 has been established as an allowance for uncollectible taxes. At June 30, 2008, this represents 22.99% of all property taxes receivable.

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations of \$1,639,729 of this year; \$1,267,275 resulted from revised revenues, the remaining \$372,454 were appropriations from fund balance.

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 \$4,889,129. The Small Cities Fund had a deficit fund balance of \$28,581. The Heart and Hypertension Fund had a deficit of \$447,727. These deficits will be funded by future transfers, grants 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.

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2008:

Deposits:	
Demand accounts	\$ 4,415,250
Certificates of deposit	9,935,336
Money market accounts	<u>6,938,533</u>
Total deposits	21,289,119
Petty cash accounts	900
Cash equivalents:	
State Tax Exempt Proceeds Fund (TEPF)	3,786
State Short-Term Investment Fund (STIF)	10,318,514
MBIA, Inc. - Cooperative Liquid Assets Securities System (CLASS)	<u>1,836,912</u>
 Total Cash and Cash Equivalents	 \$ <u>33,449,231</u>

Deposits

At June 30, 2008, the carrying amount of the Town deposits was \$21,289,119, and the bank balance was \$23,811,840.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. Of the June 30, 2008 bank balance, \$1,190,941 was covered by federal depository insurance. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio. A minimum of \$8,181,930, based on June 30, 2008 deposits, was collateralized (collateral held by the pledging bank's trust department is not in the Town's name). The balance of deposits of \$14,438,969 was uninsured and uncollateralized.

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2008, the Town's cash equivalents amounted to \$12,159,212. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations:

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

*Not rated

B. Investments

Investments as of June 30, 2008 in all funds are as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Interest-bearing investments:		
Corporate bonds	\$ 3,850,103	5.11
U.S. government obligations	515,148	10.22
Other debt securities	6,636,400	26.04
Other investments:		
Common stock	95,467	
Repurchase agreements	1,000,000	
Police Pension Fund and Volunteer Firemen's Pension:		
Open ended mutual funds and exchange traded funds	<u>7,611,629</u>	
Total	<u>\$ 19,708,747</u>	

Portfolio weighted average maturity for interest bearing investments	13.42
--	-------

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

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

	<u>Fair Value</u>	<u>Standard and Poor's</u>
Corporate bonds	\$ 293,081	AAA
	363,739	AA
	1,047,096	AA-
	975,891	A+
	1,170,295	A
Other debt securities	2,669,232	AAA
Repurchase agreements	1,000,000	AAA

Concentration of Credit Risk - The Town's investment policy does not allow for an investment in any one private corporation debt issuer that is in excess of 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. At June 30, 2008, the Town had uninsured and unregistered securities held by the counterparty, or by its trust department or agent valued at \$11,097,118 that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:					
Interest	\$ 1,044,124	\$	\$	\$	\$ 1,044,124
Taxes	2,233,634				2,233,634
Accounts	463,428	5,257		39,000	507,685
Special assessments			1,003,039	688,222	1,691,261
Intergovernmental	4,477,192			222,052	4,699,244
Loans				544,847	544,847
Gross receivables	<u>8,218,378</u>	<u>5,257</u>	<u>1,003,039</u>	<u>1,494,121</u>	<u>10,720,795</u>
Less allowance for uncollectibles	<u>(513,617)</u>				<u>(513,617)</u>
Net Total Receivables	<u>\$ 7,704,761</u>	<u>\$ 5,257</u>	<u>\$ 1,003,039</u>	<u>\$ 1,494,121</u>	<u>\$ 10,207,178</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 1,514,096	\$
Accrued interest	1,047,271	
Special assessments not yet due	1,038,556	
Grant drawdowns and unearned fees		850,283
School building grants	4,476,706	
Housing loans	544,847	
Advance tax collections and over collections		<u>4,030,588</u>
Total Deferred/Unearned Revenue for Governmental Funds	<u>\$ 8,621,476</u>	<u>\$ 4,880,871</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 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	\$ 12,711,669	\$ 152,500	\$	\$ 12,864,169
Construction in progress	952,787	2,850,059		3,802,846
Total capital assets not being depreciated	<u>13,664,456</u>	<u>3,002,559</u>	<u>-</u>	<u>16,667,015</u>
Capital assets being depreciated:				
Buildings and improvements	99,453,294	479,862		99,933,156
Improvements other than buildings	1,265,851	90,744		1,356,595
Machinery and equipment	19,580,512	630,994	(154,929)	20,056,577
Infrastructure	<u>83,944,021</u>	<u>23,200</u>		<u>83,967,221</u>
Total capital assets being depreciated	<u>204,243,678</u>	<u>1,224,800</u>	<u>(154,929)</u>	<u>205,313,549</u>
Less accumulated depreciation for:				
Buildings and improvements	22,523,375	1,959,040		24,482,415
Improvements other than buildings	492,683	53,219		545,902
Machinery and equipment	10,527,680	1,102,060	(107,389)	11,522,351
Infrastructure	<u>50,279,336</u>	<u>1,623,428</u>		<u>51,902,764</u>
Total accumulated depreciation	<u>83,823,074</u>	<u>4,737,747</u>	<u>(107,389)</u>	<u>88,453,432</u>
Total capital assets being depreciated, net	<u>120,420,604</u>	<u>(3,512,947)</u>	<u>(47,540)</u>	<u>116,860,117</u>
Governmental Activities Capital Assets, Net	<u>\$ 134,085,060</u>	<u>\$ (510,388)</u>	<u>\$ (47,540)</u>	<u>\$ 133,527,132</u>

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

Governmental activities:	
General government	\$ 130,745
Public safety	442,745
Public works	2,716,660
Parks, recreation and libraries	46,178
Health and welfare	34,285
Education	<u>1,367,134</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,737,747</u>

Construction Commitments

The Town has active construction projects as of June 30, 2008. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
High School Renovations	\$ 26,577,000	\$ 26,563,828	\$	\$ 13,172
Trolley Trail	51,329	49,402		1,927
Ambulance Fund	649,422	641,321		8,101
Fire Apparatus Fund	2,065,180	1,681,019		384,161
Town Hall Renovation	3,615,000	3,613,024		1,976
Tabor Drive Acquisition	4,950,000	4,275,412	161,564	513,024
EPA Consent Decree	9,520,000	7,074,098	127,736	2,318,166
School Roofs	500,000	484,533		15,467
Branford High School Track	400,000	369,199		30,801
Queach Property Acquisition	3,795,000	3,795,000		-
DPW Apparatus	510,000	344,384		165,616
2006 Capital Projects	2,591,951	2,319,495	82,290	190,166
2007 Capital Projects	3,098,200	2,491,516	31,438	575,246
2008 Capital Projects	2,975,774	2,077,753	376,645	521,376
Blackstone Library Exterior Renovations	1,095,000	813,253	213,763	67,984
WIS Roof & Window Replacement	2,100,000			2,100,000
BOE TriGeneration Project	1,021,600	901,600		120,000

6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2008 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 1,746
Internal Service Fund	General Fund	19,528
Capital Project Fund	General Fund	2,346,013
General Fund	Nonmajor Governmental Funds	58,771
General Fund	Sewer Fund	213,617
Nonmajor Governmental Funds	Capital Project Fund	480,000
Total		<u>\$ 3,119,675</u>

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

Interfund transfers:

	Transfers In			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfers out:				
General Fund	\$	\$ 2,660,774	\$ 1,543,895	\$ 4,204,669
Sewer Utility	<u>365,000</u>	<u>305,000</u>	<u> </u>	<u>670,000</u>
Total Transfers In	<u>\$ 365,000</u>	<u>\$ 2,965,774</u>	<u>\$ 1,543,895</u>	<u>\$ 4,874,669</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, 2008, 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	\$ 28,860,000	\$	\$ 4,065,000	\$ 24,795,000	\$ 4,975,936
Clean water notes	23,589,364		2,530,140	21,059,224	1,224,282
Less deferred amount refunding bonds	<u>(395,665)</u>		<u>(86,034)</u>	<u>(309,631)</u>	
Total bonds and notes payable	52,053,699		6,509,106	45,544,593	6,200,218
Landfill closure	1,267,500	40,500		1,308,000	124,600
Compensated absences	4,144,558	724,454	17,335	4,851,677	96,602
Risk management claims	901,089	684,107		1,585,196	649,930
Capital leases	711,883	901,600	113,662	1,499,821	266,231
Termination benefits	<u>402,794</u>		<u>402,794</u>	<u>-</u>	
Total Governmental Activities Long-Term Liabilities	<u>\$ 59,481,523</u>	<u>\$ 2,350,661</u>	<u>\$ 7,042,897</u>	<u>\$ 54,789,287</u>	<u>\$ 7,337,581</u>

A schedule of bonds and notes outstanding at June 30, 2008 is presented below:

	<u>Balance July 1, 2007</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2008</u>
General Obligation:				
School, 4.0-5.0%, mature in 2008	\$ 397,000	\$ -	\$ 397,000	\$ -
School, 5.9-7.9%, mature in 2009	409,000	-	205,000	204,000
School, 4.5-6.25%, mature in 2017	800,000	-	800,000	-
School, 4.0-5.0%, mature in 2019	6,280,000	-	753,000	5,527,000
School, 2.0-4.1%, mature in 2015	7,515,000	-	325,000	7,190,000
Public improvement, 4.0-5.0%, mature in 2008	87,000	-	87,000	-
Public improvement, 5.9-7.9%, mature in 2009	235,000	-	120,000	115,000
Public improvement, 4.0-5.0%, mature in 2019	5,225,000	-	557,000	4,668,000
Public improvement, 3.375-5.0%, mature in 2022	3,450,000	-	225,000	3,225,000
Public improvement sewer, 3.375- 5.0% mature in 2016	250,000	-	50,000	200,000
Public improvement sewer, 4.0- 5.0%, mature in 2019	3,645,000	-	300,000	3,345,000
Special Assessment:				
Sewer, 4.0-5.0%, mature in 2008	26,000	-	26,000	-
Sewer, 5.9-7.9%, mature in 2009	356,000	-	175,000	181,000
Water, 4.0-5.0%, mature in 2008	10,000	-	10,000	-
Water, 6.8-7.5%, mature in 2012	175,000	-	35,000	140,000
Total bonds	28,860,000	-	4,065,000	24,795,000
State of Connecticut, CWF, 2%, mature in 2013	89,784	-	14665	75,119
State of Connecticut, CWF, 2%, mature in 2019	809,454	-	64812	744,642
State of Connecticut, CWF, 2%, mature in 2022	16,610,676	-	2195775	14,414,901
State of Connecticut, CWF, 2% mature in 2027	6,079,450	-	254888	5,824,562
Total Bonds and Notes	\$ 52,449,364	\$ -	\$ 6,595,140	\$ 45,854,224

In prior years, the Town has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provided for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town’s financial statements. At June 30, 2008, \$7,200,000 of bonds outstanding are considered defeased.

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 4,699,282	\$ 1,500,936	\$ 6,200,218
2010	4,223,994	1,316,057	5,540,051
2011	4,299,204	1,167,774	5,466,978
2012	4,414,923	1,022,137	5,437,060
2013	4,644,564	877,937	5,522,501
2014-2018	15,256,093	2,130,390	17,386,483
2019-2023	6,994,563	460,349	7,454,912
2024-2027	<u>1,321,601</u>	<u>50,155</u>	<u>1,371,756</u>
Total	<u>\$ 45,854,224</u>	<u>\$ 8,525,735</u>	<u>\$ 54,379,959</u>

Clean Water Fund Notes

The Town is currently participating in a Capital Project (Wastewater Design Project) under the State of Connecticut Clean Water Fund established in accordance with Section 22a-477 of the General Statutes of Connecticut. The Clean Water Fund is administered by the State Department of Environmental Protection and provides grant and loan funds to municipalities for “eligible water quality project costs.” The Town did not permanently finance any notes this fiscal year. The Town received temporary notes of \$2,109,853 during the current fiscal year. The balance of temporary notes outstanding is \$2,270,059 as of June 30, 2008. The notes will be converted to permanent financing in the future. The notes carry an interest rate of 2%.

General Obligation Bonds and Notes

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

Bond Anticipation Notes

The Town has outstanding bond anticipation notes of \$3,730,000 as of June 30, 2008. The notes carry an interest rate of 3.25% and mature on September 10, 2008.

Bonds Authorized Unissued

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

<u>Project</u>	<u>Authorization</u>	<u>Bonds Previously Issued and Paydowns</u>	<u>Bonds Authorized Unissued</u>
Bender Property	\$ 2,100,000	\$ 1,000,000	\$ 1,100,000
Tabor Drive	4,950,000	2,500,000	2,450,000
EPA Consent Fund	9,520,000	6,823,287	2,696,713
School Roof	500,000	300,000	200,000
WIS roof and windows	2,100,000		2,100,000
Blackstone library	1,095,000		1,095,000
Queach Property	3,795,000		3,795,000

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

Category	(In Thousands)		
	Debt Limit	Indebtedness*	Balance
General purpose	\$ 168,545	\$ 16,448	\$ 152,097
Schools	337,090	8,644**	328,446
Sewers	280,908	27,482	253,426
Urban renewal	243,454		243,454
Pension deficit	224,727		224,727

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$524,363.

* Includes bonds authorized unissued (\$11,337) and excludes water bonds outstanding of \$140.

** Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$4,477.

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. Berkley Administrators of Connecticut administers the plan, for which the Town pays a fee. The Town’s general government and the Board of Education, contribute based on estimates using historical data. The Town covers all claims up to \$500,000 per employee per year with a stop-loss policy covering amounts exceeding the limit.

The claims liability of \$738,231 reported in the Internal Service Fund at June 30, 2008 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	Liability July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Liability June 30,
2007-08	\$ 653,033	\$ 1,103,062	\$ 1,017,864	\$ 738,231
2006-07	776,989	851,775	975,731	653,033

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 \$757,829 at June 30, 2008 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:

		Liability		Current Year Claims and Changes in Estimates		Claim Payments		Liability June 30,
		July 1,		in Estimates		Payments		June 30,
2007-08	\$	200,567	\$	795,857	\$	238,595	\$	757,829
2006-07		266,644		85,645		151,722		200,567

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 \$89,136 at June 30, 2008 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:

		Liability		Current Year Claims and Changes in Estimates		Claim Payments		Liability June 30,
		July 1,		in Estimates		Payments		June 30,
2007-08	\$	47,489	\$	1,671,691	\$	1,630,044	\$	89,136
2006-07		-		1,639,333		1,591,844		47,489

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 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 2007/2008 fiscal year, no closure work was undertaken, aside from maintenance activities considered operational, and no money expended except for a small retainage released. The only unclosed section is the working face on the front (north) slope where filling is currently occurring. To date, \$1,066,500 has been appropriated and approximately \$1,203,000 was expended. Approximately 90% of the total area of the landform has had final cover applied.

The Town received a \$400,000 grant from the DEP to cap the top of the landfill, which has all been previously expended. It is anticipated that the placement of bulky waste will continue at the front of the landfill until late in calendar 2010, with closure costs incurred in fiscal 10/11 and 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 \$291,000. Based upon engineer's estimates, with a 25% escalator for recent fuel increases, it is anticipated that future closure costs will be \$270,000 for total final cover costs of \$1,472,000, including funds already spent, but not including post-closure costs. Improvements to stormwater quality, such as construction of small wetland, might be required as part of the closure activities, and would likely be undertaken by the Town using money from this special revenue account. Therefore, the Town is continuing to fund the account beyond the \$1,472,000 quote above. The Town is required to monitor and maintain the landfill for 30 years after closure. The estimated annual cost for this postclosure activity is \$34,600. 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. Routine quarterly testing of wells on this parcel are now included in operating costs and in future monitoring costs.

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover Cost (\$90,000 x 3 fiscal years)	\$ 270,000
Postclosure Care Costs (30 years):	
Inspection and Maintenance of Final Cover (\$15,400 annually)	462,000
Monitoring Program, Groundwater, Methane & Stormwater (\$19,200 annually)	<u>576,000</u>
Total	<u>\$ 1,308,000</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 the BRRFOC amounted to \$859,497 this year. General Fund unreserved, undesignated fund balance for fiscal year ended June 30, 2007 as reflected in the BRRFOC's financial statements is \$13.1 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

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, 2007 (date of latest valuation), PERS membership consisted of:

Retirees, disabled and beneficiaries currently receiving benefits	30
Terminated employees entitled to benefits but not yet receiving them	4
Active plan members	<u>48</u>
Total	<u>82</u>

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Status and Progress

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

A change was made in the most recent valuation to reduce the investment rate of return assumption from 7.75% to 7.5%. The effect of this change was to increase the current annual cost by approximately \$57,000.

D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 781,134
Interest on net pension obligation	(10,191)
Adjustment to annual required contribution	<u>11,342</u>
Annual pension cost	782,285
Contributions made	<u>802,960</u>
Increase (decrease) in net pension obligation	(20,675)
Net pension asset at beginning of year	<u>(135,881)</u>
Net Pension Asset at End of Year	<u>\$ (156,556)</u>

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

Actuarial valuation date	July 1, 2007
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	25 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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)	Actual Contribution
6/30/06	\$ 708,193	95.3%	\$ (76,375)	\$ 675,000
6/30/07	725,444	108.2	(135,881)	784,950
6/30/08	782,285	102.6	(156,556)	802,960

Pension Plan Required Supplementary Information

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability(AAL) --Entry Age (b)	(Unfunded) AAL (UAAL) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((a-b)/c)
7/01/03	\$ 9,593,076	\$ 12,551,982	\$ (2,958,906)	76.4%	\$ 2,827,161	104.7
7/01/05	11,206,696	15,525,603	(4,318,907)	72.2	3,353,416	128.8
7/01/07	14,044,381	18,061,498	(4,017,117)	77.8	3,506,416	114.6

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Percentage Contributed
6/30/03	\$ 751,507	100.0%
6/30/04	490,583	359.7
6/30/05	502,901	134.2
6/30/06	707,592	95.3
6/30/07	724,950	108.2
6/30/08	781,134	102.8

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

Municipal Employees' Retirement System

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

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 7.52% 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, 2008, 2007 and 2006 were \$1,107,502, \$1,006,879 and \$927,844, 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 \$21,578,717.

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, 2008, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$15,973,451 as payments made by the State of Connecticut on behalf of the Town. The State of Connecticut increased its contribution substantially this year (\$13.4 million).

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. LITIGATION

The Town, 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 which would materially adversely affect its financial position.

In a series of five (5) cases, Thomas Santa Barbara, Frank Pertotti, Jr. and New England Estates, L.L.C., allege that the Town acted improperly in exercising its eminent domain powers to acquire a parcel known as the Tabor property in the Town. 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. The Town 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 attorneys' fees of \$1,764,566. The total of the awards is \$17,872,680. The Town has appealed these awards, and they are presently pending and awaiting argument in the Connecticut Supreme Court.

In addition to these sums, Messers Santa Barbara and Perrotti and New England Estates, L.L.C. claim additional interest and costs. The amount, if any, of this additional financial exposure is presently before the court awaiting decision.

The Town is vigorously contesting the awards. If the Town's appeals are unsuccessful, the Town expects to authorize and issue bonds to finance any judgment.

13. SUBSEQUENT EVENTS

The Town issued \$4,700,000 of bond anticipation notes dated September 10, 2008 for various projects which will mature September 9, 2009.

The Town permanently financed an outstanding Clean Water Fund Obligation on December 1, 2008 in the amount of \$2,500,898 for improvements to sanitary sewer pump stations. The loans bear an interest rate of 2% and a maturity schedule over the next 20 years.

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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 72,144,815	\$ 72,144,815	\$ 72,727,743	\$ 582,928
Interest Income	490,000	490,000	560,373	70,373
Lien Fees	8,000	8,000	7,212	(788)
Suspense Collect	11,000	11,000	40,618	29,618
Delinquent Taxes	628,330	628,330	689,580	61,250
Warrant Fees			10,793	10,793
Foreclosure Fees	38,000	38,000	12,929	(25,071)
Total taxes	<u>73,320,145</u>	<u>73,320,145</u>	<u>74,049,248</u>	<u>729,103</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,574,602	1,574,602	1,648,530	73,928
School Transportation	146,557	146,557	142,917	(3,640)
Health and Welfare	31,373	31,373	35,470	4,097
Principal Subsidy	704,399	704,399	899,589	195,190
Interest Subsidy	134,049	134,049	192,906	58,857
Adult Education	16,362	16,362		(16,362)
Circuit Breaker Elderly	208,000	208,000	212,325	4,325
Elderly Tax Relief - Freeze	15,800	15,800	12,000	(3,800)
Boat Exemption	98,245	98,245	98,245	-
Disability Exemption	2,000	2,000	2,613	613
Veterans' Reimbursement	23,000	23,000	28,586	5,586
Manufacturing PILOT Grant	300,000	300,000	350,844	50,844
Pequot Grant	109,577	109,577	120,061	10,484
Private Property Exemption	120,198	120,198	121,435	1,237
State Property Exemption	61,437	61,437	67,214	5,777
State Counseling Grants	117,000	117,000	121,352	4,352
Miscellaneous State Grants		1,267,275	1,267,275	-
COPS Fast	41,667	41,667		(41,667)
Universal Hiring Grant	25,000	25,000		(25,000)
Wildlife Refuge			3,124	3,124
Total intergovernmental revenues	<u>3,729,266</u>	<u>4,996,541</u>	<u>5,324,486</u>	<u>327,945</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 503,000	\$ 503,000	\$ 418,427	\$ (84,573)
Excavation Permits	6,000	6,000	8,190	2,190
Electrical Permits	35,000	35,000	40,434	5,434
Plumbing Permits	29,000	29,000	30,372	1,372
Heating, Air Conditioning and Ventilation Permit	28,000	28,000	41,418	13,418
Sewer Connection Permits	150	150	170	20
Other Licenses and Permits	400	400	855	455
Zoning Board of Appeals	8,500	8,500	4,910	(3,590)
Planning and Zoning	20,000	20,000	22,912	2,912
Map Copies - Building and Engineering	1,500	1,500	1,337	(163)
Inland Wetlands Applications	11,000	11,000	16,501	5,501
Inland Wetlands Citations	2,000	2,000	1,000	(1,000)
Transfer Station Escrow	35,000	35,000	66,339	31,339
Sale of Recycling Boxes			10	10
Trip Passes	2,400	2,400	3,100	700
Sticker Revenue			25,967	25,967
Permits and Tags - Police	9,960	9,960	7,914	(2,046)
Special Wages - Police	400,000	400,000	329,943	(70,057)
False Alarm Fees	11,000	11,000	9,900	(1,100)
Pump Out Services			2,337	2,337
Town Clerk Other Monies	300,000	300,000	312,956	12,956
Conveyance Taxes	425,000	425,000	494,431	69,431
DEP Licenses - Town Portion	600	600	928	328
Marriage Licenses - Town Portion	2,000	2,000	2,274	274
Dog Licenses	5,500	5,500	4,848	(652)
Ambulance Service Fees	1,200,000	1,200,000	1,173,953	(26,047)
Miscellaneous Permits and Fees				
Fire Services			2,325	2,325
Counseling Fees and Services	410,000	410,000	359,666	(50,334)
Counseling - United Way Contribution			20,514	20,514
Total licenses, permits and fees	<u>3,446,010</u>	<u>3,446,010</u>	<u>3,403,931</u>	<u>(42,079)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Interest Income	\$ 1,381,136	\$ 1,381,136	\$ 1,465,733	\$ 84,597
Other:				
Willoughby - Wallace Library Fees	5,000	5,000	4,775	(225)
Willoughby - Passport Fees			11,420	11,420
Employee Health Insurance Co-pay	360,000	360,000	329,532	(30,468)
In Lieu of Taxes - Telephone Access	200,000	200,000	190,396	(9,604)
In Lieu of Taxes - SCRW	175,000	175,000	188,628	13,628
Leases	2,300	2,300	4,102	1,802
Building Usage			50	50
Telephone Booths	190	190		(190)
Insurance Claims and Refunds	10,000	10,000	38,387	28,387
Miscellaneous Refunds			18,781	18,781
Miscellaneous Income	10,000	10,000	73,643	63,643
Sale of Town Property	71,850	71,850	230,341	158,491
Reimbursement Town Services			6,256	6,256
Board of Education - Tuition Reimbursement			24,589	24,589
COBRA/Dental Reimbursement			2,313	2,313
Total other	<u>834,340</u>	<u>834,340</u>	<u>1,123,213</u>	<u>288,873</u>
Total revenues	82,710,897	83,978,172	85,366,611	1,388,439
Other Financing Sources:				
Transfers in	<u>365,000</u>	<u>365,000</u>	<u>365,000</u>	<u>-</u>
Total Revenue and Other Financing Sources	\$ <u>83,075,897</u>	\$ <u>84,343,172</u>	85,731,611	\$ <u>1,388,439</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.

15,973,451

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

(20,916)

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.

622,915

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

\$ 102,307,061

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, 2008

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
General Government:				
Legislative	\$ 15,417	\$ 26,692	\$ 21,987	\$ 4,705
Executive	411,927	413,138	408,477	4,661
Finance	74,699	74,699	71,637	3,062
Treasurer	343,869	348,068	338,889	9,179
Assessor	364,066	365,143	335,738	29,405
Review of Assessment	9,631	9,631	8,115	1,516
Tax Collector	363,952	433,952	405,776	28,176
Town Clerk	194,741	205,141	203,654	1,487
Law	480,000	584,100	573,535	10,565
Labor Relations Negotiations	70,000	95,305	95,305	-
Probate Court	8,200	8,200	5,191	3,009
Elections	81,190	114,059	100,867	13,192
Planning and Zoning	260,138	259,650	255,794	3,856
Zoning Board of Appeals	8,296	8,296	6,835	1,461
Development Commission	6,320	6,320	5,783	537
Inland Wetlands Commission	77,149	79,943	75,162	4,781
General Government Buildings	739,920	781,663	704,808	76,855
Cable Television	3,390	3,390	3,181	209
Electronic Data Processing	547,210	565,571	565,417	154
Human Resources	315,235	216,485	195,285	21,200
Total	<u>4,375,350</u>	<u>4,599,446</u>	<u>4,381,435</u>	<u>218,011</u>
Public Safety:				
Police Service	4,768,089	4,871,363	4,868,636	2,727
Police Service - Special Detail	400,000	400,000	316,066	83,934
Fire Protection	3,656,786	3,786,840	3,786,141	699
Building Department	154,726	152,265	144,335	7,930
Total	<u>8,979,601</u>	<u>9,210,468</u>	<u>9,115,178</u>	<u>95,290</u>
Public Works and Highways:				
Public Works	1,930,345	1,932,638	1,918,655	13,983
Sanitation and Waste	2,880,491	2,885,548	2,716,657	168,891
General Engineering	232,130	234,272	206,191	28,081
Total	<u>5,042,966</u>	<u>5,052,458</u>	<u>4,841,503</u>	<u>210,955</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation:				
Branford Recreation Department	\$ 748,911	\$ 755,461	\$ 736,163	\$ 19,298
Parker Park	63,859	63,859	54,622	9,237
Young's Park commission	10,405	10,405	9,853	552
Docks and Recreational Facilities	43,078	43,078	35,335	7,743
Public Celebration	28,800	28,800	26,716	2,084
Conservation Commission	6,291	6,291	6,162	129
Total	<u>901,344</u>	<u>907,894</u>	<u>868,851</u>	<u>39,043</u>
Libraries:				
James Blackstone Memorial Library	963,500	963,500	963,500	-
Willoughby-Wallace Library	184,576	192,630	192,630	-
Total	<u>1,148,076</u>	<u>1,156,130</u>	<u>1,156,130</u>	<u>-</u>
Health and Welfare:				
Human Services	1,048,396	1,083,504	1,009,606	73,898
Commission for the Elderly	321,080	330,911	302,783	28,128
East Shore District Health	181,656	181,656	180,664	992
Total	<u>1,551,132</u>	<u>1,596,071</u>	<u>1,493,053</u>	<u>103,018</u>
Board of Education	<u>44,017,970</u>	<u>44,017,970</u>	<u>43,975,221</u>	<u>42,749</u>
Pension and Insurance:				
Pension and Contributions	2,637,944	2,697,944	2,430,095	267,849
Employee Group Insurance	3,581,367	3,521,367	3,216,275	305,092
Municipal Insurance	1,639,331	1,567,981	1,531,330	36,651
Contingency	658,252	15,916		15,916
Total	<u>8,516,894</u>	<u>7,803,208</u>	<u>7,177,700</u>	<u>625,508</u>
Debt Service:				
Principal Retirement	5,145,918	6,468,423	6,454,140	14,283
Interest and Fiscal Charges	1,754,119	1,698,889	1,694,548	4,341
Total	<u>6,900,037</u>	<u>8,167,312</u>	<u>8,148,688</u>	<u>18,624</u>
Total expenditures	<u>81,433,370</u>	<u>82,510,957</u>	<u>81,157,759</u>	<u>1,353,198</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, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 72,827	\$ 76,992	\$ 76,992	\$ -
Retiree Benefit Fund	550,000	550,000	550,000	-
Open Space Fund	30,300	30,300	30,300	-
Special Programs	50,000	50,000	50,000	-
Revaluation Fund	235,000	235,000	235,000	-
Sewer Utility Fund	600,000	601,603	601,603	-
Capital Projects Fund:				
Ambulance	40,000	40,000	40,000	-
Fire Apparatus	150,000	169,116	169,116	-
DPW Apparatus	145,000	145,000	145,000	-
Capital Procurement Fund	1,769,400	2,306,658	2,306,658	-
Total other financing uses	<u>3,642,527</u>	<u>4,204,669</u>	<u>4,204,669</u>	<u>-</u>
Total Budgeted Operations	\$ <u>85,075,897</u>	\$ <u>86,715,626</u>	85,362,428	\$ <u>1,353,198</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.				
			15,973,451	
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.				
			622,915	
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>34,608</u>	
Total Expenditures and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>101,993,402</u>	

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 19,976,547	\$ 19,169,391
Investments	4,967,168	
Receivables:		
Taxes, net	1,720,017	1,769,930
Intergovernmental	4,477,192	5,507,831
Other	1,507,552	1,840,565
Due from other funds	272,388	2,768,112
Prepaid items	<u>28,339</u>	<u>27,685</u>
Total Assets	<u>\$ 32,949,203</u>	<u>\$ 31,083,514</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,997,395	\$ 1,655,324
Due to other funds	2,367,287	2,618,714
Deferred revenues	11,491,708	9,793,367
Other	<u>164,150</u>	<u>401,105</u>
Total liabilities	<u>16,020,540</u>	<u>14,468,510</u>
Fund balance:		
Reserved for encumbrances	412,166	348,790
Reserved for prepaid items	28,339	27,685
Unreserved:		
Designated for subsequent year budget	2,786,889	2,372,454
Undesignated - available for appropriation	<u>13,701,269</u>	<u>13,866,075</u>
Total fund balance	<u>16,928,663</u>	<u>16,615,004</u>
Total Liabilities and Fund Balance	<u>\$ 32,949,203</u>	<u>\$ 31,083,514</u>

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2008

50

Grand List	Uncollected Taxes July 1, 2007	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections			Uncollected Taxes June 30, 2008	
						Taxes	Interest	Liens		Total
1992	\$ 7,514	\$	\$	\$	\$ 7,514	\$	\$	\$	\$ 7,514	
1993	9,271				9,271	488	592		1,080	8,783
1994	14,877	(216)	14		14,647	2,983	6,147	24	9,154	11,664
1995	15,677	(221)			15,456	3,135	6,469	24	9,628	12,321
1996	18,506	(183)			18,323	3,087	6,716	24	9,827	15,236
1997	21,397	(608)			20,789	3,220	5,603	24	8,847	17,569
1998	38,606	(201)			38,405	5,976	6,926	48	12,950	32,429
1999	34,281	(212)			34,069	7,985	15,511	48	23,544	26,084
2000	57,995	(823)			57,172	25,318	17,357	192	42,867	31,854
2001	231,891	(32,742)		(115,493)	83,656	47,007	39,227	588	86,822	36,649
2002	286,275	(7,757)			278,518	54,106	35,296	779	90,181	224,412
2003	359,449	(7,208)			352,241	73,712	34,919	825	109,456	278,529
2004	415,602	(8,027)			407,575	137,267	46,616	1,578	185,461	270,308
2005	767,686	(31,015)			736,671	385,617	82,145	5,807	473,569	351,054
2006	73,783,622	(146,651)			73,636,971	72,727,743	192,279	8,044	72,928,066	909,228
	<u>\$ 76,062,649</u>	<u>\$ (235,864)</u>	<u>\$ 14</u>	<u>\$ (115,493)</u>	<u>\$ 75,711,278</u>	73,477,644	495,803	18,005	73,991,452	<u>\$ 2,233,634</u>
				Suspense Collections		40,618	64,569	282	105,469	
				Total		<u>\$ 73,518,262</u>	<u>\$ 560,372</u>	<u>\$ 18,287</u>	<u>\$ 74,096,921</u>	

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

JUNE 30, 2008

	Special Revenue							
	Revaluation	Open Space	Water Assessment	Board of Education				Energy Efficiency
				Program	Day Care	Educational Grants	Cafeteria	
ASSETS								
Cash and cash equivalents	\$ 293,427	\$ 252,403	\$ 43,134	\$ 31,650	\$ 272,467	\$ 162,780	\$ 69,935	\$ 25,705
Investment								
Accounts receivable			35,517					
Intergovernmental						43,117	56,715	
Due from other funds	705,000							
Inventory							9,226	
Total Assets	<u>\$ 998,427</u>	<u>\$ 252,403</u>	<u>\$ 78,651</u>	<u>\$ 31,650</u>	<u>\$ 272,467</u>	<u>\$ 205,897</u>	<u>\$ 135,876</u>	<u>\$ 25,705</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 2,200	\$ 571		\$ 23,576	\$ 1,744	\$ 139,553	\$ 90,029	\$
Due to other funds			10,837					
Deferred revenue			36,716					
Total liabilities	<u>2,200</u>	<u>571</u>	<u>47,553</u>	<u>23,576</u>	<u>1,744</u>	<u>139,553</u>	<u>90,029</u>	<u>-</u>
Fund Balance:								
Reserved:								
Inventory and commitments							9,226	
Permanent account								
Unreserved:								
Undesignated	996,227	251,832	31,098	8,074	270,723	66,344	36,621	25,705
Total fund balance	<u>996,227</u>	<u>251,832</u>	<u>31,098</u>	<u>8,074</u>	<u>270,723</u>	<u>66,344</u>	<u>45,847</u>	<u>25,705</u>
Total Liabilities and Fund Balance	<u>\$ 998,427</u>	<u>\$ 252,403</u>	<u>\$ 78,651</u>	<u>\$ 31,650</u>	<u>\$ 272,467</u>	<u>\$ 205,897</u>	<u>\$ 135,876</u>	<u>\$ 25,705</u>

(Continued on next page)

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

JUNE 30, 2008

	<u>Special Revenue</u>							
	<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>
ASSETS								
Cash and cash equivalents	\$ 39,256	\$ 406,321	\$	\$ 666,152	\$ 940,342	\$ 2,703,297	\$ 133,966	\$ 91,421
Investment								16,626
Accounts receivable	544,847				7,012			
Intergovernmental								
Due from other funds					1,746			
Inventory								
Total Assets	<u>\$ 584,103</u>	<u>\$ 406,321</u>	<u>\$ -</u>	<u>\$ 666,152</u>	<u>\$ 949,100</u>	<u>\$ 2,703,297</u>	<u>\$ 133,966</u>	<u>\$ 108,047</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$ 67,837	\$ 3,326	\$	\$ 33,382	\$ 9,125	\$	\$ 3,675	\$ 402
Due to other funds				16,824	5,391		804	665
Deferred revenue	544,847	130,609		201,848				
Total liabilities	<u>612,684</u>	<u>133,935</u>	<u>-</u>	<u>252,054</u>	<u>14,516</u>		<u>4,479</u>	<u>1,067</u>
Fund Balance:								
Reserved:								
Inventory and commitments								
Permanent account								
Unreserved:								
Undesignated	(28,581)	272,386		414,098	934,584	2,703,297	129,487	106,980
Total fund balance	<u>(28,581)</u>	<u>272,386</u>	<u>-</u>	<u>414,098</u>	<u>934,584</u>	<u>2,703,297</u>	<u>129,487</u>	<u>106,980</u>
Total Liabilities and Fund Balance	<u>\$ 584,103</u>	<u>\$ 406,321</u>	<u>\$ -</u>	<u>\$ 666,152</u>	<u>\$ 949,100</u>	<u>\$ 2,703,297</u>	<u>\$ 133,966</u>	<u>\$ 108,047</u>

(Continued on next page)

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

JUNE 30, 2008

		<u>Special Revenue</u>								
		<u>Tourism</u>	<u>Exit 53 Improvement</u>	<u>Elderly Commission</u>	<u>Board of Education Severance</u>	<u>Dog</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
ASSETS										
	Cash and cash equivalents	\$	\$	\$ 277,954	\$ 59,736	\$ 108,869	\$ 2,766	\$ 29,441	\$ 716,328	\$ 7,327,350
	Investment									16,626
	Accounts receivable		365			23,871			774,925	1,386,537
	Intergovernmental									99,832
	Due from other funds					2,933				709,679
	Inventory									9,226
☺	Total Assets	\$ -	\$ 365	\$ 277,954	\$ 59,736	\$ 135,673	\$ 2,766	\$ 29,441	\$ 1,491,253	\$ 9,549,250
LIABILITIES AND FUND BALANCE										
Liabilities:										
	Accounts payable	\$	\$	\$ 149	\$	\$ 12,489	\$ 295	\$ 1,566	\$ 107,339	\$ 497,258
	Due to other funds		365			6,570			245,248	286,704
	Deferred revenue							11,245	82,335	1,007,600
	Total liabilities	\$ -	\$ 365	\$ 149	\$	\$ 19,059	\$ 295	\$ 12,811	\$ 434,922	\$ 1,791,562
Fund Balance:										
Reserved:										
	Inventory and commitments					37,947				47,173
Unreserved:										
	Undesignated			277,805	59,736	78,667	2,471	16,630	1,056,331	7,710,515
	Total fund balance	\$ -	\$ -	\$ 277,805	\$ 59,736	\$ 116,614	\$ 2,471	\$ 16,630	\$ 1,056,331	\$ 7,757,688
	Total Liabilities and Fund Balance	\$ -	\$ 365	\$ 277,954	\$ 59,736	\$ 135,673	\$ 2,766	\$ 29,441	\$ 1,491,253	\$ 9,549,250

(Continued on next page)

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

JUNE 30, 2008

Permanent Fund

	<u>Damascus Cemetery</u>	<u>Leshine Scholarship</u>	<u>Caspar Block Scholarship</u>	<u>Gustaf Nelson Memorial</u>	<u>John B. Hart</u>	<u>Caspar Block Special Recreation Grant</u>	<u>Total</u>	<u>Transfers/ Interfunds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS									
Cash and cash equivalents	\$ 4,890	\$ 5,671	\$ 5,529	\$ 38,699	\$ -	\$ 71,242	\$ 126,031	\$ -	\$ 7,453,381
Investment	128,874						128,874		145,500
Accounts receivable									1,386,537
Intergovernmental									99,832
Due from other funds								(227,933)	481,746
Inventory									9,226
Total Assets	<u>\$ 133,764</u>	<u>\$ 5,671</u>	<u>\$ 5,529</u>	<u>\$ 38,699</u>	<u>\$ -</u>	<u>\$ 71,242</u>	<u>\$ 254,905</u>	<u>\$ (227,933)</u>	<u>\$ 9,576,222</u>
LIABILITIES AND FUND BALANCE									
Liabilities:									
Accounts payable	\$ 601						\$ 601		\$ 497,859
Due to other funds								(227,933)	58,771
Deferred revenue									1,007,600
Total liabilities	<u>601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601</u>	<u>(227,933)</u>	<u>1,564,230</u>
Fund Balance:									
Reserved:									
Inventory and commitments									47,173
Permanent account	1,500	4,000	5,000	30,000		59,920	100,420		100,420
Unreserved:									
Undesignated	131,663	1,671	529	8,699		11,322	153,884		7,864,399
Total fund balance	<u>133,163</u>	<u>5,671</u>	<u>5,529</u>	<u>38,699</u>	<u>-</u>	<u>71,242</u>	<u>254,304</u>	<u>-</u>	<u>8,011,992</u>
Total Liabilities and Fund Balance	<u>\$ 133,764</u>	<u>\$ 5,671</u>	<u>\$ 5,529</u>	<u>\$ 38,699</u>	<u>\$ -</u>	<u>\$ 71,242</u>	<u>\$ 254,905</u>	<u>\$ (227,933)</u>	<u>\$ 9,576,222</u>

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Special Revenue</u>							
	<u>Revaluation</u>	<u>Open Space</u>	<u>Water Assessment</u>	<u>Board of Education</u>				
				<u>Program</u>	<u>Day Care</u>	<u>Educational Grants</u>	<u>Cafeteria</u>	<u>Energy Efficiency</u>
Revenues:								
Assessment income	\$	\$	\$ 19,633	\$	\$	\$	\$	\$
Interest on assessments			4,255					
Intergovernmental revenues						2,192,039	315,900	
Investment income	11,403	9,676	2,784	43	12,125		276	1,089
Sale of food							795,062	
Program income				54,996	534,911			
Sales and services							12,019	
Other		36,000	360					
Total revenues	<u>11,403</u>	<u>45,676</u>	<u>27,032</u>	<u>55,039</u>	<u>547,036</u>	<u>2,192,039</u>	<u>1,123,257</u>	<u>1,089</u>
Expenditures:								
Current:								
General government	2,200							
Public safety								
Public works and highway								
Parks, recreation and libraries		38,318						
Health and human services								
Education				52,050	541,279	2,230,999	1,122,925	
Debt service			58,022					
Total expenditures	<u>2,200</u>	<u>38,318</u>	<u>58,022</u>	<u>52,050</u>	<u>541,279</u>	<u>2,230,999</u>	<u>1,122,925</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	9,203	7,358	(30,990)	2,989	5,757	(38,960)	332	1,089
Other Financing Sources (Uses):								
Transfers in	235,000	30,300						
Transfers out								
Net Change in Fund Balances	244,203	37,658	(30,990)	2,989	5,757	(38,960)	332	1,089
Fund Balances at Beginning of Year	<u>752,024</u>	<u>214,174</u>	<u>62,088</u>	<u>5,085</u>	<u>264,966</u>	<u>105,304</u>	<u>45,515</u>	<u>24,616</u>
Fund Balances at End of Year	<u>\$ 996,227</u>	<u>\$ 251,832</u>	<u>\$ 31,098</u>	<u>\$ 8,074</u>	<u>\$ 270,723</u>	<u>\$ 66,344</u>	<u>\$ 45,847</u>	<u>\$ 25,705</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, 2008

Special Revenue

	<u>Small Cities</u>	<u>Town Aid Road</u>	<u>Pass Through Grants</u>	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Retiree Benefit</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>
Revenues:								
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$
Interest on assessments								
Intergovernmental revenues	455,672	77,528	344,210		836,962			5,051
Investment income	575	11,457		19,100	12,324	94,289	4,553	3,976
Sale of food								
Program income	61,995							
Sales and services				290,028	52,830			
Other		700		37,950	16,033		63,133	4,158
Total revenues	<u>518,242</u>	<u>89,685</u>	<u>344,210</u>	<u>347,078</u>	<u>918,149</u>	<u>94,289</u>	<u>67,686</u>	<u>13,185</u>
Expenditures:								
Current:								
General government					22,085			
Public safety					204,424			
Public works and highway		77,528			33,975			
Parks, recreation and libraries				285,789	16,040			28,504
Health and human services	613,329		344,210		73,804		44,134	
Education					5,549			
Debt service								
Total expenditures	<u>613,329</u>	<u>77,528</u>	<u>344,210</u>	<u>285,789</u>	<u>355,877</u>	<u>-</u>	<u>44,134</u>	<u>28,504</u>
Excess (Deficiency) of Revenues over Expenditures	(95,087)	12,157	-	61,289	562,272	94,289	23,552	(15,319)
Other Financing Sources (Uses):								
Transfers in					50,000	550,000		
Transfers out								
Net Change in Fund Balances	(95,087)	12,157	-	61,289	612,272	644,289	23,552	(15,319)
Fund Balances at Beginning of Year	<u>66,506</u>	<u>260,229</u>	<u>-</u>	<u>352,809</u>	<u>322,312</u>	<u>2,059,008</u>	<u>105,935</u>	<u>122,299</u>
Fund Balances at End of Year	<u>\$ (28,581)</u>	<u>\$ 272,386</u>	<u>\$ -</u>	<u>\$ 414,098</u>	<u>\$ 934,584</u>	<u>\$ 2,703,297</u>	<u>\$ 129,487</u>	<u>\$ 106,980</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, 2008

Special Revenue

	<u>Tourism</u>	<u>Exit 53 Improvement</u>	<u>Elderly Commission</u>	<u>Board of Education Severance</u>	<u>Dog</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Sewer Utility Fund</u>	<u>Total</u>
Revenues:									
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$ 2,693,442	\$ 2,713,075
Interest on assessments								23,191	27,446
Intergovernmental revenues					47,741			122,220	4,397,323
Investment income			9,988	2,627	2,782			28,277	227,344
Sale of food									795,062
Program income							24,170		676,072
Sales and services					16,310			412,138	783,325
Other			10,430		45,353	10,000		300	224,417
Total revenues	<u>-</u>	<u>-</u>	<u>20,418</u>	<u>2,627</u>	<u>112,186</u>	<u>10,000</u>	<u>24,170</u>	<u>3,279,568</u>	<u>9,844,064</u>
Expenditures:									
Current:									
General government									24,285
Public safety					132,350				336,774
Public works and highway								2,154,840	2,266,343
Parks, recreation and libraries									368,651
Health and human services			9,113						1,084,590
Education						14,814	33,203		4,000,819
Debt service									58,022
Total expenditures	<u>-</u>	<u>-</u>	<u>9,113</u>	<u>-</u>	<u>132,350</u>	<u>14,814</u>	<u>33,203</u>	<u>2,154,840</u>	<u>8,139,484</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	11,305	2,627	(20,164)	(4,814)	(9,033)	1,124,728	1,704,580
Other Financing Sources (Uses):									
Transfers in					76,992			601,603	1,543,895
Transfers out								(670,000)	(670,000)
Net Change in Fund Balances	-	-	11,305	2,627	56,828	(4,814)	(9,033)	1,056,331	2,578,475
Fund Balances at Beginning of Year	-	-	266,500	57,109	59,786	7,285	25,663	-	5,179,213
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,805</u>	<u>\$ 59,736</u>	<u>\$ 116,614</u>	<u>\$ 2,471</u>	<u>\$ 16,630</u>	<u>\$ 1,056,331</u>	<u>\$ 7,757,688</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, 2008

		<u>Permanent Fund</u>								
		<u>Damascus Cemetery</u>	<u>Leshine Scholarship</u>	<u>Caspar Block Scholarship</u>	<u>Gustaf Nelson Memorial</u>	<u>John B. Hart</u>	<u>Caspar Block Special Recreation Grant</u>	<u>Total</u>	<u>Transfers/ Interfunds</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:										
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$	\$	2,713,075
Interest on assessments										27,446
Intergovernmental revenues										4,397,323
Investment income		(9,798)	259	253	1,702		3,120	(4,464)		222,880
Sale of food										795,062
Program income										676,072
Sales and services										783,325
Other										224,417
Total revenues		<u>(9,798)</u>	<u>259</u>	<u>253</u>	<u>1,702</u>	<u>-</u>	<u>3,120</u>	<u>(4,464)</u>	<u>-</u>	<u>9,839,600</u>
Expenditures:										
Current:										
General government										24,285
Public safety										336,774
Public works and highway										2,266,343
Parks, recreation and libraries										368,651
Health and human services		2,050						2,050		1,086,640
Education			249	250	500			999		4,001,818
Debt service										58,022
Total expenditures		<u>2,050</u>	<u>249</u>	<u>250</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>3,049</u>	<u>-</u>	<u>8,142,533</u>
Excess (Deficiency) of Revenues over Expenditures		(11,848)	10	3	1,202	-	3,120	(7,513)	-	1,697,067
Other Financing Sources (Uses):										
Transfers in										1,543,895
Transfers out										(670,000)
Net Change in Fund Balances		(11,848)	10	3	1,202	-	3,120	(7,513)	-	2,570,962
Fund Balances at Beginning of Year		<u>145,011</u>	<u>5,661</u>	<u>5,526</u>	<u>37,497</u>	<u>-</u>	<u>68,122</u>	<u>261,817</u>	<u>-</u>	<u>5,441,030</u>
Fund Balances at End of Year	\$	<u>133,163</u>	<u>5,671</u>	<u>5,529</u>	<u>38,699</u>	<u>-</u>	<u>71,242</u>	<u>254,304</u>	<u>-</u>	<u>8,011,992</u>

TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Assets:					
Cash and cash equivalents	\$ 798,201	\$ 1,309,918	\$ 314,920	\$	\$ 2,423,039
Accounts receivable	7,752				7,752
Due from other funds	881	20,465		(1,818)	19,528
Total assets	<u>806,834</u>	<u>1,330,383</u>	<u>314,920</u>	<u>(1,818)</u>	<u>2,450,319</u>
Liabilities:					
Accounts payable		17,189			17,189
Claims incurred not reported	89,136	738,231	757,829		1,585,196
Due to other funds			1,818	(1,818)	
Total liabilities	<u>89,136</u>	<u>755,420</u>	<u>759,647</u>	<u>(1,818)</u>	<u>1,602,385</u>
Net Assets:					
Unrestricted	<u>\$ 717,698</u>	<u>\$ 574,963</u>	<u>\$ (444,727)</u>	<u>\$ -</u>	<u>\$ 847,934</u>

TOWN OF BRANFORD, CONNECTICUT

INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Operating Revenues:					
Contributions for benefits	\$ 1,725,576	\$ 1,010,480	\$ 169,950	\$ -	\$ 2,906,006
Others	33,333	49,862			83,195
Total operating revenues	<u>1,758,909</u>	<u>1,060,342</u>	<u>169,950</u>	<u>-</u>	<u>2,989,201</u>
Operating Expenses:					
Benefit claims	1,671,691	1,103,062	795,857		3,570,610
Claims administration	61,926	116,545			178,471
Total operating expenses	<u>1,733,617</u>	<u>1,219,607</u>	<u>795,857</u>	<u>-</u>	<u>3,749,081</u>
Operating Income (Loss)	25,292	(159,265)	(625,907)	-	(759,880)
Nonoperating Income - Interest Income	<u>20,936</u>	<u>61,330</u>	<u>18,768</u>		<u>101,034</u>
Change in Net Assets	46,228	(97,935)	(607,139)	-	(658,846)
Net Assets at Beginning of Year	<u>671,470</u>	<u>672,898</u>	<u>162,412</u>	<u>-</u>	<u>1,506,780</u>
Net Assets at End of Year	<u>\$ 717,698</u>	<u>\$ 574,963</u>	<u>\$ (444,727)</u>	<u>\$ -</u>	<u>\$ 847,934</u>

TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

	Medical Fund	Workers' Compensation Fund	Heart and Hypertension Fund	Interfund Eliminations	Total
Cash Flows from Operating Activities:					
Cash received for benefits	\$ 1,928,441	\$ 1,046,923	\$ 169,950	\$	\$ 3,145,314
Cash paid for benefits and administration	(1,691,970)	(1,126,968)	(243,823)	-	(3,062,761)
Net cash provided by (used in) operating activities	236,471	(80,045)	(73,873)	-	82,553
Cash Flows from Investing Activities:					
Interest income	20,936	61,330	18,768	-	101,034
Net Increase in Cash and Cash Equivalents	257,407	(18,715)	(55,105)	-	183,587
Cash and Cash Equivalents at Beginning of Year	540,794	1,328,633	370,025	-	2,239,452
Cash and Cash Equivalents at End of Year	\$ 798,201	\$ 1,309,918	\$ 314,920	\$ -	\$ 2,423,039
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:					
Operating income (loss)	\$ 25,292	\$ (159,265)	\$ (625,907)	\$	\$ (759,880)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Changes in balance sheet accounts:					
Increase (decrease) in payables	41,647	92,639	552,034	-	686,320
(Increase) decrease in receivables	169,532	(13,419)	-	-	156,113
Net Cash Provided by (Used in) Operating Activities	\$ 236,471	\$ (80,045)	\$ (73,873)	\$ -	\$ 82,553

TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Branford Conservation Commission				
Assets:				
Cash and cash equivalents	\$ <u>1,626</u>	\$ <u>75</u>	\$ <u>-</u>	\$ <u>1,701</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>1,626</u>	\$ <u>75</u>	\$ <u>-</u>	\$ <u>1,701</u>
Shellfish Commission				
Assets:				
Cash and cash equivalents	\$ <u>68,816</u>	\$ <u>29,488</u>	\$ <u>52,585</u>	\$ <u>45,719</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>68,816</u>	\$ <u>29,488</u>	\$ <u>52,585</u>	\$ <u>45,719</u>
Academy-On-The-Green				
Assets:				
Cash and cash equivalents	\$ <u>29,478</u>	\$ <u>3,091</u>	\$ <u>-</u>	\$ <u>32,569</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>29,478</u>	\$ <u>3,091</u>	\$ <u>-</u>	\$ <u>32,569</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, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Volunteer Firemen's Pension Fund				
Assets:				
Cash and cash equivalents	\$ 13,265	\$	\$	\$ 13,265
Investments	<u>223,131</u>	<u>34,405</u>	<u>33,148</u>	<u>224,388</u>
Total Assets	<u>\$ 236,396</u>	<u>\$ 34,405</u>	<u>\$ 33,148</u>	<u>\$ 237,653</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 236,396</u>	<u>\$ 34,405</u>	<u>\$ 33,148</u>	<u>\$ 237,653</u>
Branford Medical Transit				
Assets:				
Cash and cash equivalents	<u>\$ 3,928</u>	<u>\$ 18,471</u>	<u>\$ 15,493</u>	<u>\$ 6,906</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 3,928</u>	<u>\$ 18,471</u>	<u>\$ 15,493</u>	<u>\$ 6,906</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, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Commission on Services For the Elderly				
Assets:				
Cash and cash equivalents	\$ 11,793	\$ 68,922	\$ 70,824	\$ 9,891
Liabilities:				
Due to students, employees and other groups	\$ 11,793	\$ 68,922	\$ 70,824	\$ 9,891
Total Liabilities	\$ 11,793	\$ 68,922	\$ 70,824	\$ 9,891
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 708,805	\$ 2,183,038	\$ 2,119,813	\$ 772,030
Investments	171,338		2,493	168,845
Total Assets	\$ 880,143	\$ 2,183,038	\$ 2,122,306	\$ 940,875
Liabilities:				
Due to students, employees and other groups	\$ 880,143	\$ 2,183,038	\$ 2,122,306	\$ 940,875

(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, 2008

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
Developer Bond Funds				
Assets:				
Cash and cash equivalents	\$ 308,981	\$ 375,234	\$ 21,655	\$ 662,560
Liabilities:				
Due to students, employees and other groups	\$ 308,981	\$ 375,234	\$ 21,655	\$ 662,560
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 1,146,692	\$ 2,678,319	\$ 2,280,370	\$ 1,544,641
Investments	394,469	34,405	35,641	393,233
Total Assets	\$ 1,541,161	\$ 2,712,724	\$ 2,316,011	\$ 1,937,874
Liabilities:				
Due to students, employees and other groups	\$ 1,541,161	\$ 2,712,724	\$ 2,316,011	\$ 1,937,874
Total Liabilities	\$ 1,541,161	\$ 2,712,724	\$ 2,316,011	\$ 1,937,874

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2008

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2008	\$ 74,097
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	800
Reimbursement for revenue loss on: Elderly tax relief	<u>12</u>
Base	<u>\$ 74,909</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	\$ 168,545	\$	\$	\$	\$
4-1/2 times base		337,090			
3-3/4 times base			280,908		
3-1/4 times base				243,454	
3 times base					<u>224,727</u>
Total debt limitation	<u>168,545</u>	<u>337,090</u>	<u>280,908</u>	<u>243,454</u>	<u>224,727</u>
Indebtedness:					
Bonds payable	8,008	12,921	24,785		
Bonds authorized and unissued	8,440	200	2,697		
School building grants receivables		<u>(4,477)</u>			
Total indebtedness	<u>16,448</u>	<u>8,644</u>	<u>27,482</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 152,097</u>	<u>\$ 328,446</u>	<u>\$ 253,426</u>	<u>\$ 243,454</u>	<u>\$ 224,727</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation \$524,363.

Note 2: Water bonds of \$140 are excluded from the computation above.