

TOWN OF BRANFORD, CONNECTICUT

FINANCIAL STATEMENTS

JUNE 30, 2012

TOWN OF BRANFORD, CONNECTICUT

JUNE 30, 2012

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Independent Auditors' Report

To the Board of Finance
Town of Branford, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Branford, Connecticut, as of and for the year ended June 30, 2012, which collectively comprise the Town of Branford, Connecticut's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Branford, Connecticut'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 of Branford, Connecticut'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, 2012 and the respective changes in financial position and, where applicable, cash flows 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 20, 2012 on our consideration of the Town of Branford, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and the budgetary comparison information on pages 49 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Branford, Connecticut's financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare 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 certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Blum, Shapiro & Company, P.C.

December 20, 2012

TOWN OF BRANFORD, CONNECTICUT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. 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 \$3,510.
- During the year, the Town had expenses that were \$3,510 less than the \$109,216 generated in tax and other revenues for governmental programs.
- Total cost of all of the Town's programs was \$105,706 with no new programs added this year except for initiatives enacted by the Board of Education with regard to prekindergarten.
- The General Fund reported a fund balance this year of \$ 19,340.
- The resources available for appropriation were \$2,350 more than budgeted for the General Fund. Expenditures were \$1,167 less than budgeted.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Town’s combined net assets increased from a year ago, increasing from \$112,923 to \$116,434. 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	
	2012	2011
Current assets	\$ 58,938	\$ 51,313
Capital assets, net of accumulated depreciation	133,326	127,284
Total assets	<u>192,264</u>	<u>178,597</u>
Long-term debt outstanding	64,887	57,459
Other liabilities	10,943	8,215
Total liabilities	<u>75,830</u>	<u>65,674</u>
Net Assets:		
Invested in capital assets, net of debt	83,819	82,744
Restricted	246	248
Unrestricted	<u>32,369</u>	<u>29,931</u>
Total Net Assets	<u>\$ 116,434</u>	<u>\$ 112,923</u>

The Town experienced an increase in net assets of its governmental activities of 3.2% 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 \$29,931 at June 30, 2011 to \$32,369 at the end of this year.

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

**TABLE 2
CHANGE IN NET ASSETS**

	Governmental Activities	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 9,003	\$ 9,125
Operating grants and contributions	13,964	11,215
Capital grants and contributions	157	37
General revenues:		
Property taxes	84,094	81,298
Grants and contributions not restricted to specific programs	1,382	1,186
Unrestricted investment earnings	197	285
Other general revenues	419	333
Total revenues	<u>109,216</u>	<u>103,479</u>
 Program expenses:		
General government	5,777	9,246
Public safety	18,036	16,831
Public works and highway	13,842	13,445
Parks, recreation and libraries	3,164	3,288
Health and human services	3,054	3,241
Education	60,513	59,475
Interest debt service	1,320	1,309
Total program expenses	<u>105,706</u>	<u>106,835</u>
 Increase (Decrease) in Net Assets	 \$ <u>3,510</u>	 \$ <u>(3,356)</u>

The Town's total revenues were \$109,216. The total cost of all programs and services was \$105,706. Our analysis which follows considers the operations of governmental activities.

Governmental Activities

The largest single component of governmental activity is the General Fund. Total revenues were \$2,350 higher than budgeted. Of this amount, \$967 resulted from strong property tax collections that include prior year levies, interest and penalties. Taxes on the current levy exceeded the budget by \$628. Intergovernmental revenue exceeded budget due to conservative estimates of state assistance and an expectation that principal and interest subsidies from the State’s school construction program would be reduced pursuant to audits coupled with favorable results from the manufacturing pilot and municipal revenue sharing. Revenues from licenses, permits and fee revenue exceeded the budget by \$173, primarily due to police special detail, transfer station escrow fees, and building permits. Interest and other income exceeded the budget by \$402 primarily due to better than anticipated results from the sale of recyclable materials and interest income.

Expenditures were \$1,167 less than anticipated. The primary factors contributing to the expenditure balance relate to lower than anticipated costs for, tax appeals, utilities, and municipal solid waste fees combined with vacancies, which resulted in savings across various functional areas while reducing pension and Social Security requirements.

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

**TABLE 3
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
General government	\$ 5,777	\$ 9,246	\$ 4,527	\$ 8,104
Public safety	18,036	16,831	15,497	14,248
Public works and highway	13,842	13,445	8,673	9,587
Parks, recreation and libraries	3,164	3,288	2,790	2,892
Health and human services	3,054	3,241	1,803	1,746
Education	60,513	59,475	48,072	48,696
Interest and debt service	1,320	1,309	1,218	1,184
Total	\$ 105,706	\$ 106,835	\$ 82,581	\$ 86,457

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 \$31,100, which is an increase from last year’s total of \$26,620. The primary reason for the increase is the change in the capital fund balance pursuant to the issuance of bonds and notes to finance capital projects. The Town also issued notes in August 2012. Please refer to Note 16, Subsequent Events.

General Fund Budgetary Highlights

The Town’s general fund expenditures plus encumbrances totaled \$92,640. Unexpended appropriations in general government, public safety, public works, education and pension and insurance coupled with smaller unexpended balances from other areas produced a favorable variance of \$1,167. Revenues were \$2,771 higher, which reflects strong tax collections, favorable nontax revenue experience and conservative estimates.

The Town’s General Fund balance of \$19,340 reported on Exhibit IV is comprised of four categories: Nonspendable, Committed, Assigned and Unassigned. Please refer to Exhibit A-1 for the complete breakdown.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2012, the Town had \$133,326 invested in a broad range of capital assets, including land, buildings, park facilities, vehicles and equipment - Table 4. This amount represents a net increase (including additions and deductions) of \$6,042 or 4.75 %, more than last year. This increase reflects the construction in progress amounts associated with the fire headquarters.

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

	Governmental Activities	
	2012	2011
Land	\$ 13,058	\$ 13,058
Intangible assets	597	597
Land improvements	821	816
Buildings	70,974	73,040
Machinery and equipment	8,895	9,104
Construction in progress	11,920	2,325
Infrastructure	27,061	28,344
Total	\$ <u>133,326</u>	\$ <u>127,284</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 2012-13 budget anticipates the completion of the new fire headquarters. Additionally, the Town is leasing space for the public works operation and is looking to authorize funding for this project prior to the end of the fiscal year. 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, 2012, the Town had \$54,965 in bonds and notes outstanding versus \$47,399 last year - an increase of \$7,626 or approximately 16%. The Town anticipated this increase and has issued additional debt in fiscal year 2013 for school repairs and a new communication system.

The Town's general obligation bond rating from Moody's Investor Services, a national rating agency, remains at Aa2, and represents the second rating increase from Moody's since 2001. The Town's rating from Standard & Poor's remains at AAA. The State limits the amount of general obligation debt that cities can issue based on a formula determined under State Statutes based on type of debt and tax base. The Town's outstanding general obligation debt is significantly below this state-imposed limit of \$598 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 2012-2013 budget and corresponding tax rates. Town officials confronted a number of challenges while formulating the budget, including, but not limited to, the annual uncertainty with regard to State assistance and higher pension and benefit costs, and increased debt service costs. Falling interest rates and an overall decline in real estate sales and building permit activity were also incorporated into the budget plan. In developing the budget, Town officials acknowledged that property owners were faced with their own economic constraints and job insecurities associated with the recession. Faced with these challenges, officials sought to minimize the increase the Town's tax requirements while acknowledging that the demand for many municipal services would increase. In developing the budget, the Town established the following budget guidelines that provided the rationale for many of the budgetary decisions: maintain the current level of existing services while refraining from adding new programs; fund current and future liabilities; preserve the undesignated fund balance; continue to invest in new vehicles and equipment to ensure continued service delivery; preserve the Town's investment in its properties and buildings; and to continue to fund many capital items on a pay-as-you-go basis so as to limit the amount of outstanding debt.

As a result of these efforts and adherence to the above guidelines, the Town adopted a General Fund budget of \$96,531 for 2012-2013, which represents an increase of \$2,872,965 thousand or 3% as compared to the 2011-2012 amended budget. Increased property taxes of approximately \$2,815 thousand combined with a \$2.8 million appropriation from fund balance will supplement nontax revenues.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 43,622,487
Investments	4,322,440
Receivables, net	9,952,643
Inventory	18,456
Prepaid items	114,416
Net pension asset	275,481
Net OPEB asset	631,000
Capital assets not being depreciated	25,574,747
Capital assets being depreciated, net of accumulated depreciation	107,751,659
Total assets	<u>192,263,329</u>
Liabilities:	
Accounts and other payables	4,374,793
Unearned revenue	3,467,675
Bond anticipation notes payable	2,975,000
Other	125,670
Noncurrent liabilities:	
Due within one year	7,479,823
Due in more than one year	57,406,880
Total liabilities	<u>75,829,841</u>
Net Assets:	
Invested in capital assets, net of related debt	83,819,090
Restricted for Trusts:	
Expendable	145,330
Nonexpendable	100,420
Unrestricted	<u>32,368,648</u>
Total Net Assets	<u>\$ 116,433,488</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, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
General government	\$ 5,776,640	\$ 1,079,410	\$ 114,563	\$ 55,845	\$ (4,526,822)
Public safety	18,036,054	2,255,304	181,852	101,500	(15,497,398)
Public works and highway	13,842,263	3,327,644	1,841,026		(8,673,593)
Parks, recreation and libraries	3,164,511	313,813	60,771		(2,789,927)
Health and human services	3,053,801	410,118	840,448		(1,803,235)
Education	60,512,896	1,617,036	10,823,522		(48,072,338)
Interest expense	1,319,865		102,228		(1,217,637)
Total	<u>\$ 105,706,030</u>	<u>\$ 9,003,325</u>	<u>\$ 13,964,410</u>	<u>\$ 157,345</u>	<u>(82,580,950)</u>
General revenues:					
Property taxes					84,094,456
Grants and contributions not restricted to specific programs					1,381,602
Unrestricted investment earnings					196,600
Miscellaneous					418,568
Total general revenues					<u>86,091,226</u>
Change in net assets					3,510,276
Net Assets at Beginning of Year					<u>112,923,212</u>
Net Assets at End of Year					<u>\$ 116,433,488</u>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<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	\$ 22,016,281	\$ 3,711,556	\$ 2,528,700	\$ 5,839,934	\$ 34,096,471
Investments	4,078,678			243,762	4,322,440
Receivables, net	6,872,616		743,322	2,148,359	9,764,297
Due from other funds		4,514,920		67,000	4,581,920
Inventories				18,456	18,456
Other assets	30,564				30,564
Total Assets	<u>\$ 32,998,139</u>	<u>\$ 8,226,476</u>	<u>\$ 3,272,022</u>	<u>\$ 8,317,511</u>	<u>\$ 52,814,148</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts and other payables	\$ 1,771,504	\$ 1,604,050		\$ 503,771	\$ 3,879,325
Due to other funds	3,481,920		1,100,000		4,581,920
Deferred revenue	8,278,606		744,028	1,129,167	10,151,801
Bond anticipation notes payable		2,975,000			2,975,000
Other	125,670				125,670
Total liabilities	<u>13,657,700</u>	<u>4,579,050</u>	<u>1,844,028</u>	<u>1,632,938</u>	<u>21,713,716</u>
Fund balances:					
Nonspendable	30,564			118,876	149,440
Restricted		3,647,426	1,427,994	1,728,345	6,803,765
Committed	61,284			4,869,062	4,930,346
Assigned	3,215,268				3,215,268
Unassigned	16,033,323			(31,710)	16,001,613
Total fund balances	<u>19,340,439</u>	<u>3,647,426</u>	<u>1,427,994</u>	<u>6,684,573</u>	<u>31,100,432</u>
Total Liabilities and Fund Balances	<u>\$ 32,998,139</u>	<u>\$ 8,226,476</u>	<u>\$ 3,272,022</u>	<u>\$ 8,317,511</u>	<u>\$ 52,814,148</u>

(Continued on next page)

TOWN OF BRANFORD, CONNECTICUT

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2012

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 (Exhibit III)	\$ 31,100,432
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental capital assets	\$ 240,122,686	
Less accumulated depreciation	<u>(106,796,280)</u>	
Net capital assets		133,326,406

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

Net OPEB asset	631,000
Net pension asset	275,481
Property tax receivables greater than 60 days	2,302,854
Interest receivable on property taxes	1,031,561
Assessments receivable	969,054
Housing loans receivable	569,861
Receivable from the state for school construction projects	1,810,796
Bond issuance costs	83,852

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.

6,926,418

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	(54,965,098)
Interest payable on bonds and notes	(363,485)
Compensated absences	(4,438,138)
Capital lease	(777,788)
Bond premium	(692,653)
Deferred charges on refunding	162,935
Landfill	<u>(1,520,000)</u>

Net Assets of Governmental Activities (Exhibit I)	<u>\$ 116,433,488</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Assessment</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 83,858,159	\$	\$	\$	\$ 83,858,159
Assessments and interest			335,097	2,476,393	2,811,490
Intergovernmental	9,720,290	55,845		5,517,378	15,293,513
Charges for services	3,702,096			2,157,113	5,859,209
Income on investments	175,512		1,621	16,058	193,191
Miscellaneous	1,103,695	211,252		446,353	1,761,300
Total revenues	<u>98,559,752</u>	<u>267,097</u>	<u>336,718</u>	<u>10,613,295</u>	<u>109,776,862</u>
Expenditures:					
Current:					
General government	4,123,052	161,245		74,798	4,359,095
Public safety	10,585,580			477,521	11,063,101
Public works and highway	5,124,283		16,613	3,764,881	8,905,777
Parks, recreation and libraries	2,235,891	45,649		365,072	2,646,612
Health and human services	1,733,148			669,828	2,402,976
Education	54,721,423			4,568,875	59,290,298
Pension and insurance	10,060,240				10,060,240
Capital outlay		13,221,365			13,221,365
Debt service	6,811,072			37,415	6,848,487
Total expenditures	<u>95,394,689</u>	<u>13,428,259</u>	<u>16,613</u>	<u>9,958,390</u>	<u>118,797,951</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,165,063</u>	<u>(13,161,162)</u>	<u>320,105</u>	<u>654,905</u>	<u>(9,021,089)</u>
Other Financing Sources (Uses):					
Transfers in	430,039	3,363,488		1,052,555	4,846,082
Transfers out	(2,922,376)	(26,706)	(1,100,000)	(797,000)	(4,846,082)
Proceeds from bond issuance		13,080,000			13,080,000
Bond premiums	421,134				421,134
Total other financing sources (uses)	<u>(2,071,203)</u>	<u>16,416,782</u>	<u>(1,100,000)</u>	<u>255,555</u>	<u>13,501,134</u>
Net Change in Fund Balances	1,093,860	3,255,620	(779,895)	910,460	4,480,045
Fund Balances at Beginning of Year	18,246,579	391,806	2,207,889	5,774,113	26,620,387
Fund Balances at End of Year	<u>\$ 19,340,439</u>	<u>\$ 3,647,426</u>	<u>\$ 1,427,994</u>	<u>\$ 6,684,573</u>	<u>\$ 31,100,432</u>

(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, 2012

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)	\$ 4,480,045
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Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	11,036,877
Depreciation expense	(4,936,786)

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. (57,771)

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	(671,940)
Property tax receivable - accrual basis change	182,785
Property tax interest and lien revenue - accrual basis change	53,512
Sewer assessment receivable - accrual basis change	(106,428)
Net OPEB asset	(340,900)
Housing loans receivable	(21,894)
Net pension asset	(85,983)

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

Bonds issued	(13,080,000)
Bond and note principal payments	5,454,081
Capital lease payments	191,769
Bond issuance premium	(421,134)

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	277,200
Accrued interest	(157,057)
Amortization of deferred charge on refunding	(25,767)
Amortization of issuance costs	(14,583)
Amortization of bond premiums	80,179

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

<u>1,674,071</u>

Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 3,510,276</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

JUNE 30, 2012

	Governmental Activities
	Internal Service Funds
Assets:	
Cash and cash equivalents	\$ 9,526,016
Accounts receivable	<u>188,346</u>
Total assets	<u>9,714,362</u>
Liabilities:	
Accounts and other payables	131,983
Risk management claims	<u>2,655,961</u>
Total liabilities	<u>2,787,944</u>
Net Assets:	
Unrestricted	\$ <u><u>6,926,418</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, 2012

	Governmental Activities
	Internal Service Funds
	<hr/>
Operating Revenues:	
Contributions for benefits	\$ 12,508,911
Other	334,142
Total contributions	<hr/> 12,843,053 <hr/>
Operating Expenses:	
Benefit claims	9,836,601
Claims administration	1,335,790
Total operating expenses	<hr/> 11,172,391 <hr/>
Operating Income	1,670,662
Nonoperating Revenue:	
Income on investments	<hr/> 3,409
Change in Net Assets	1,674,071
Net Assets at Beginning of Year	<hr/> 5,252,347
Net Assets at End of Year	<hr/> <hr/> \$ 6,926,418 <hr/> <hr/>

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from operating funds	\$ 13,474,163
Cash payments to providers of benefits and administration	(11,262,586)
Net cash provided by operating activities	<u>2,211,577</u>
Cash Flows from Investing Activities:	
Income on investments	<u>3,409</u>
Net Increase in Cash and Cash Equivalents	2,214,986
Cash and Cash Equivalents at Beginning of Year	<u>7,311,030</u>
Cash and Cash Equivalents at End of Year	<u>\$ 9,526,016</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 1,670,662
Adjustments to reconcile operating income to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in receivables	631,110
Decrease in accounts payable	<u>(90,195)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,211,577</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, 2012

	Pension Trust Fund	Retiree Benefits Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 837,784	\$ 5,543	\$ 1,511,487
Investments - mutual funds	9,027,653	2,330,947	513,032
Investments - bonds	8,592,441	3,519,856	
Accounts receivable	13,631		
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>18,471,509</u>	<u>5,856,346</u>	<u>\$ 2,024,519</u>
Liabilities:			
Accounts payable		1,409	
Due to students and others			\$ 2,024,519
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>1,409</u>	<u>\$ 2,024,519</u>
Net Assets:			
Held in Trust for Pension or Retiree Benefits	<u>\$ 18,471,509</u>	<u>\$ 5,854,937</u>	

The accompanying notes are an integral part of the financial statements

TOWN OF BRANFORD, CONNECTICUT

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	Pension Trust Fund	Retiree Benefits Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 945,000	\$ 1,276,100
Plan members	312,928	674,226
Total contributions	<u>1,257,928</u>	<u>1,950,326</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments	(148,541)	10,899
Interest and dividends	<u>606,630</u>	<u>116,164</u>
Net investment income	<u>458,089</u>	<u>127,063</u>
Total additions	<u>1,716,017</u>	<u>2,077,389</u>
Deductions:		
Benefits	996,702	1,055,566
Administration	<u>88,141</u>	<u>10,839</u>
Total deductions	<u>1,084,843</u>	<u>1,066,405</u>
Net Increase in Net Assets	631,174	1,010,984
Net Assets Held in Trust for Pension or Retiree Benefits, Beginning of Year	<u>17,840,335</u>	<u>4,843,953</u>
Net Assets Held in Trust for Pension or Retiree Benefits, End of Year	<u>\$ 18,471,509</u>	<u>\$ 5,854,937</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.

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

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

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

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

D. Deposits and Investments

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

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

Investments for the Town are reported at fair value.

E. Receivables and Payables

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

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

F. Inventories and Prepaid Items

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

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

G. Capital Assets

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

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

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

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

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

H. Compensated Absences

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

I. Long-Term Obligations

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

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

J. Fund Equity

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

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

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

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

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

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

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

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

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

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level for all budgeted funds. The Board of Finance, upon the request of individual departments, offices or agencies, may approve and must recommend all transfers to the RTM. No recommended transfer by the Board of Finance shall be effective unless approved by the RTM. There were supplemental appropriations from revised revenue estimates of \$149,000 for police special duty.

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

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

B. Deficit Fund Balance

The Building Usage Fund, and Cafeteria fund, nonmajor special revenue funds, had deficit fund balances of \$25 and \$13,229. The Heart and Hypertension Fund, an internal service fund, had a deficit of \$739,302. These deficits will be funded by future transfers, grants, charges for services or permanent financing.

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

Deposits

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

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$30,474,700 of the Town’s bank balance of \$37,548,461 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,963,037
Uninsured and collateral held by the pledging bank’s trust department, not in the Town’s name, and amounts held by third party banks in the Town’s name	<u>17,511,663</u>
Total Amount Subject to Custodial Credit Risk	<u>\$ 30,474,700</u>

Cash Equivalents

At June 30, 2012, the Town's cash equivalents amounted to \$11,905,290. The following table provides a summary of the Town's cash equivalents (excluding U.S. government guaranteed obligations) as rated by nationally recognized statistical rating organizations. The pools all have maturities of less than one year.

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

Investments

As of June 30, 2012, the Town had the following investments:

<u>Investment Type</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (Years)</u>		
			<u>Less Than 1</u>	<u>1 - 10</u>	<u>More Than 10</u>
Interest-bearing investments:					
U.S. Treasury bonds	N/A	\$ 2,546,454	\$	\$ 1,898,620	\$ 647,834
Certificates of deposit	N/A	1,465,117	528,767	936,350	
Other debt securities	AAA	4,234,420	250,228	2,164,860	1,819,332
Corporate bonds	A-AAA	5,991,056	1,140,435	4,379,592	471,029
Corporate bonds	B-BBB-	497,577		497,577	
Total		14,734,624	\$ <u>1,919,430</u>	\$ <u>9,876,999</u>	\$ <u>2,938,195</u>
Other investments:					
Common stock		19,616			
Police Pension Fund and Volunteer Firemen Pension:					
Open ended mutual funds and exchange traded funds		<u>13,552,129</u>			
Total Investments		\$ <u>28,306,369</u>			

*Subject to coverage by Federal Depository Insurance and collateralization.

N/A Not applicable

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

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

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

Custodial Credit Risk - Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to the Town or that sells investments to or buys them for the Town), the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy for custodial credit risk. At June 30, 2012, the Town had no uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in the Town's name.

4. RECEIVABLES

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

	<u>General</u>	<u>Sewer Assessments</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 1,031,561	\$	\$	\$ 1,031,561
Taxes	3,232,399			3,232,399
Accounts	738,786		310,634	1,049,420
Special assessments		743,322	225,732	969,054
Intergovernmental	2,383,487		1,244,109	3,627,596
Loans			569,861	569,861
Gross receivables	<u>7,386,233</u>	<u>743,322</u>	<u>2,350,336</u>	<u>10,479,891</u>
Less allowance for uncollectibles	<u>(513,617)</u>			<u>(513,617)</u>
Net Total Receivables	<u>\$ 6,872,616</u>	<u>\$ 743,322</u>	<u>\$ 2,350,336</u>	<u>\$ 9,966,274</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable	\$ 2,302,854	\$
Accrued interest	1,031,561	
Special assessments not yet due	969,054	
Grant drawdowns and unearned fees		1,013,635
School building grants	1,810,796	
Housing loans	569,861	
Advance tax collections and overcollections	<u> </u>	<u>2,454,040</u>
	<u>\$ 6,684,126</u>	<u>\$ 3,467,675</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 13,057,869	\$	\$	\$	\$ 13,057,869
Intangible assets	596,800				596,800
Construction in progress	<u>2,325,456</u>	<u>9,679,922</u>	<u>(85,300)</u>		<u>11,920,078</u>
Total capital assets not being depreciated	<u>15,980,125</u>	<u>9,679,922</u>	<u>(85,300)</u>	<u>-</u>	<u>25,574,747</u>
Capital assets being depreciated:					
Buildings and improvements	103,662,534	98,451	85,300		103,846,285
Improvements other than buildings	1,546,058	71,443			1,617,501
Machinery and equipment	23,677,181	997,536		(349,962)	24,324,755
Infrastructure	<u>84,569,873</u>	<u>189,525</u>			<u>84,759,398</u>
Total capital assets being depreciated	<u>213,455,646</u>	<u>1,356,955</u>	<u>85,300</u>	<u>(349,962)</u>	<u>214,547,939</u>
Less accumulated depreciation for:					
Buildings and improvements	30,622,706	2,249,158			32,871,864
Improvements other than buildings	730,398	66,005			796,403
Machinery and equipment	14,573,107	1,148,785		(292,191)	15,429,701
Infrastructure	<u>56,225,474</u>	<u>1,472,838</u>			<u>57,698,312</u>
Total accumulated depreciation	<u>102,151,685</u>	<u>4,936,786</u>	<u>-</u>	<u>(292,191)</u>	<u>106,796,280</u>
Total capital assets being depreciated, net	<u>111,303,961</u>	<u>(3,579,831)</u>	<u>85,300</u>	<u>(57,771)</u>	<u>107,751,659</u>
Governmental Activities Capital Assets, Net	<u>\$ 127,284,086</u>	<u>\$ 6,100,091</u>	<u>\$ -</u>	<u>\$ (57,771)</u>	<u>\$ 133,326,406</u>

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

Governmental activities:	
General government	\$ 141,713
Public safety	462,433
Public works	2,722,919
Parks, recreation and libraries	61,167
Health and welfare	33,272
Education	<u>1,515,282</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,936,786</u>

Active Capital Projects

The Town has active projects as of June 30, 2012. The projects include the following:

<u>Project</u>	<u>Appropriation</u>	<u>Cumulative Expenditures</u>	<u>Encumbrances</u>	<u>Available Balance</u>
Branford HS Track	\$ 400,000	\$ 369,199	\$	\$ 30,801
High School Renovations	26,577,000	26,568,026		8,974
WIS Roof & Window Replacement	2,100,000	1,911,103		188,897
Capital Projects Fund	23,653,439	16,572,764	460,355	6,620,320
Blackstone Library Renovations	1,165,000	1,094,079		70,921
Queach Property Acq.	3,795,000	3,795,000		-
Tabor Drive Acquisition	13,875,000	13,651,757	7,465	215,778
Town Hall Renovation	3,615,000	3,613,024		1,976
Fire Apparatus Fund	2,897,534	2,653,890	2,576	241,068
Trolley Trail	51,329	49,402		1,927
DPW Apparatus	925,839	574,815	2,692	348,332
Ambulance Fund	969,554	967,875		1,679
Elderly Commission Vehicle Replacement	110,000	59,745		50,255
Municipal Facilities Fund	13,675,515	12,602,060	828,509	244,946
Board of Education Facilities Fund	265,350	229,511		35,839
Land Acquisition Fund	780,000	780,000		-
Infrastructure Enhancement Fund	3,580,000	109,441	813,524	2,657,035

6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Individual fund interfund receivable and payable balances at June 30, 2012 are as follows:

<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 67,000
Capital Projects Fund	General Fund	3,414,920
Capital Projects Fund	Sewer Assessment Fund	1,100,000
Total		<u>\$ 4,581,920</u>

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

Interfund transfers:

	Transfers In			Total Transfers Out
	General Fund	Capital Projects	Nonmajor Governmental	
Transfers out:				
General Fund	\$	\$ 1,896,488	\$ 1,025,888	\$ 2,922,376
Capital Projects	39		26,667	26,706
Sewer Assessment		1,100,000		1,100,000
Nonmajor Governmental	430,000	367,000		797,000
Total Transfers In	\$ 430,039	\$ 3,363,488	\$ 1,052,555	\$ 4,846,082

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, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 27,915,000	\$ 13,080,000	\$ 4,045,000	\$ 36,950,000	\$ 4,340,000
Clean water notes	19,424,179		1,409,081	18,015,098	1,434,799
Less deferred amounts:					
On refunding	(188,702)		(25,767)	(162,935)	
For issuance premiums	351,698	421,134	80,179	692,653	
Total bonds and notes payable	47,502,175	13,501,134	5,508,493	55,494,816	5,774,799
Landfill closure	1,520,000			1,520,000	146,667
Compensated absences	4,715,338	13,902	291,102	4,438,138	270,560
Risk management claims	2,752,012		96,051	2,655,961	1,087,989
Capital leases	969,557		191,769	777,788	199,808
Total Governmental Activities Long-Term Liabilities	\$ 57,459,082	\$ 13,515,036	\$ 6,087,415	\$ 64,886,703	\$ 7,479,823

A schedule of bonds and notes outstanding at June 30, 2012 is presented below:

	Balance			Balance
	June 30, 2011	Issued	Retired	June 30, 2012
General Obligation:				
School, 0.85-4.0%, mature in 2015	\$ 3,525,000	\$	\$ 1,045,000	\$ 2,480,000
School, 2.0-4.0%, mature on 2015	2,443,000		676,000	1,767,000
School, 0.85-4.0%, mature in 2018	959,000		151,000	808,000
School, 4.0-5.0%, mature in 2025	2,000,000		124,000	1,876,000
Public improvement sewer, 0.85-4.0%, mature in 2018	1,919,000		302,000	1,617,000
Public improvement, 2.0-4.0%, mature in 2018	3,592,000		614,000	2,978,000
Public improvement, 3.375-5.0%, mature in 2025	10,770,000		676,000	10,094,000
Public improvement, 2.0-4.0%, mature in 2026		13,080,000		13,080,000
Special Assessment:				
Sewer, 2.0-4.0%, mature in 2016	120,000		20,000	100,000
Sewer, 0.85-4.0%, mature in 2018	2,552,000		402,000	2,150,000
Water, 6.8-7.5%, mature in 2012	35,000		35,000	-
Total Bonds	27,915,000	13,080,000	4,045,000	36,950,000
State of Connecticut, CWF, 2%, mature in 2013	29,447		15,886	13,561
State of Connecticut, CWF, 2%, mature in 2019	542,251		70,205	472,046
State of Connecticut, CWF, 2%, mature in 2022	11,711,556		937,734	10,773,822
State of Connecticut, CWF, 2% mature in 2027	5,028,614		276,098	4,752,516
State of Connecticut, CWF, 2% mature in 2028	2,112,311		109,158	2,003,153
Total Bonds and Notes	\$ 47,339,179	\$ 13,080,000	\$ 5,454,081	\$ 54,965,098

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	\$ 5,774,799	\$ 1,438,075	\$ 7,212,874
2014	5,940,004	1,262,636	7,202,640
2015	5,179,272	1,092,145	6,271,417
2016	4,729,130	931,387	5,660,517
2017	4,419,591	798,226	5,217,817
2018-2022	18,003,971	2,523,609	20,527,580
2023-2027	10,843,564	691,072	11,534,636
2028	74,767	436	75,203
Total	\$ 54,965,098	\$ 8,737,586	\$ 63,702,684

Clean Water Fund Notes

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

General Obligation Bonds and Notes

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

Bonds Authorized Unissued

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

Project	Authorization	Bonds Previously Issued and Paydowns	Bonds Authorized Unissued
Tabor Drive	\$ 13,875,000	\$ 10,900,000	\$ 2,975,000
WIS Roof and Windows	2,100,000	1,714,897	385,103
School Ground and Road Bridge	2,250,000	333,875	1,916,125
Police, Department of Public Works and Waste Water Treatment Plant			
Communications Improvements	1,650,000		1,650,000
Board of Education Capital Projects	1,700,000		1,700,000

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	\$ 192,122	\$ 30,744	\$ 161,378
Schools	384,245	7,421*	376,824
Sewers	320,204	20,265	299,939
Urban renewal	277,510		277,510
Pension deficit	256,163		256,163

The total overall statutory debt limit for the Town is equal to seven times annual receipts from taxation, or \$597,714.

* Total school indebtedness has been reduced by State of Connecticut Building Grants commitments of \$1,811.

Capital Leases

The Town has entered into multi-year capital leases for the purchase of equipment. Principal payments for 2012 were \$191,769. Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2013	\$ 228,987
2014	228,988
2015	108,003
2016	108,003
2017	108,003
2018	72,002
Total minimum lease payments	853,986
Less amount representing interest	(76,198)
Present Value of Minimum Lease Payments	\$ <u>777,788</u>

Bond Anticipation Notes

The Town issued General Obligation Bond Anticipation Notes of \$2,975,000 on August 11, 2011, for Tabor Drive Land Acquisition. The notes are due on August 16, 2012, and bear interest at 1.5%.

8. RISK MANAGEMENT

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

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

The claims liability of \$754,439 reported in the Internal Service Fund at June 30, 2012 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability were as follows for the last two years:

	<u>Liability</u> <u>July 1,</u>		Current Year Claims and Changes in Estimates		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
2011-12	\$ 944,321	\$	652,283	\$	842,165	\$	754,439
2010-11	950,959		717,330		723,968		944,321

The Heart and Hypertension Fund was established to account for the self-insured activities of the Town related to heart and hypertension claims. The claims liability of \$1,219,009 at June 30, 2012 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability</u> <u>July 1,</u>		Current Year Claims and Changes in Estimates		<u>Claim</u> <u>Payments</u>		<u>Liability</u> <u>June 30,</u>
2011-12	\$ 1,302,550	\$	(18,643)	\$	64,898	\$	1,219,009
2010-11	1,180,597		365,304		243,351		1,302,550

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 \$682,513 at June 30, 2012 is based on the Government Accounting Standards Board Statement No. 10, which requires that a liability for estimated claims incurred but not reported be recorded. Changes in the claims liability are as follows:

	<u>Liability July 1,</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability June 30,</u>
2011-12	\$ 505,141	\$ 10,318,554	\$ 10,141,182	\$ 682,513
2010-11	583,620	10,585,959	10,664,438	505,141

9. BULKY WASTE LANDFILL

The Town landfill at the intersection of Tabor Drive and Marshall Road stopped accepting bulky waste from the Town transfer station on June 29, 2012. State and Federal laws and regulations require the Town of Branford to place final cover on the landfill, and each year the Town appropriates funds for the placement of final cover on completed sections. Capping of the final acre was started in FY 2012. The total area of the landfill for which final cover has been applied is estimated at 95%. Completion of closure is scheduled for 2013.

It is anticipated that closure costs will be incurred into fiscal year 12/13. Annual appropriations will continue to be placed in a special revenue fund for the final cover for this front section when it no longer receives waste. The balance of this account is currently \$230,973 including encumbrances.

Based upon town estimates, it is anticipated that future closure costs, including building demolition and grading at the toe-of slope will be approximately \$230,000. Associated engineering costs including but not limited to the landfill gas investigation, closure plan, post closure land use planning, survey, design, bid assistance, construction administration and closure certification report is approximately \$90,000. These estimates do not include postclosure costs. Improvements to stormwater quality, landfill gas mitigation, and any additional closure requirements to comply with DEP regulations might be required as part of closure activities and is not included in the above estimate. The Town is required to monitor and maintain the landfill for thirty years after closure. The estimated annual cost for this postclosure activity is \$40,000. These costs will be funded through the General Fund on an annual basis. Regulatory changes may require additional appropriations for the completion of the installation of final cover.

A 77-acre parcel located north of the active landfill was purchased by the Town through eminent domain in 2004. It overlays a portion of, and may be impacted by, the leachate plume originating from the landfill. Since houses had been proposed by a developer on this site, the Town took the proactive stance of purchasing the property to preclude incompatible development, since control of the plume and of any off-site gas migration is required. Environmental investigations and mitigation have begun on this property, with funds for the project on this adjoining acreage provided by bond proceeds that are separately addressed, but not totaled in past or future closure costs below. Environmental investigations on this large parcel are not confined to the area presumed to be impacted by the landfill, so only costs directly attributable to mitigation of landfill impacts have been mentioned in past notes. No money was spent in fiscal 11/12 on this sort of environmental mitigation. Site investigations for a possible public works complex on this parcel are not addressed in this note. Routine quarterly testing of wells on this parcel are now included in operating costs and in future monitoring costs.

Summary of Estimated Total Cost of Remaining Closure and Postclosure Care

Final Cover Cost and Grading Cost	\$ 230,000
Engineering Costs	90,000
Postclosure Care Costs (30 years):	
Inspection and Maintenance of Final Cover (\$16,500 annually)	495,000
Monitoring Program, Groundwater, Methane & Stormwater (\$23,500 annually)	<u>705,000</u>
 Total	 <u>\$ 1,520,000</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 BRRFOC amounted to \$834,448 this year. General Fund fund balance for fiscal year ended June 30, 2012 as reflected in BRRFOC’s financial statements is \$8.5 million. A complete set of financial statements for BRRFOC can be obtained from the administrative office at 43 Enterprise Drive, Bristol, Connecticut.

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

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

11. EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Police Employees Retirement Plan

A. Plan Description

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

The Town provides police retirement benefits through a single employer, contributory, defined benefit plan. Under the plan, all regular members of the Police Department are eligible. Participants are 100% vested after five years of service. The retirement benefit is calculated at 2% of the highest annual salary out of the last three years immediately prior to retirement multiplied by up to 33-1/3 years of service. Police officers are required to contribute 8.5% of their base salaries to the PERS. The Plan provides for automatic post-retirement increases on retiree pensions up to a maximum of 66-2/3% of pay. If an employee leaves covered employment before five years of service, accumulated employee contributions and related investment earnings are refunded. Benefits and contributions are established by the Town and may be amended only by the Representative Town Meeting.

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

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

B. Summary of Significant Accounting Policies and Plan Asset Matters

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

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

C. Funding Status and Progress

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

D. Annual Pension Cost and Net Pension Obligations

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

Annual required contribution	\$ 1,041,413
Interest on net pension obligation	(27,110)
Adjustment to annual required contribution	<u>31,680</u>
Annual pension cost	1,045,983
Contributions made	<u>960,000</u>
Increase in net pension obligation	85,983
Net pension asset at beginning of year	<u>(361,464)</u>
Net Pension Asset at End of Year	\$ <u><u>(275,481)</u></u>

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

Actuarial valuation date	July 1, 2011
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period	21 years closed
Asset valuation method	5 years smoothed asset value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.0%
Assumed inflation rate	3.0%

E. Trend Information

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>	<u>Actual Contribution</u>
6/30/10	\$ 795,829	138.5%	\$ (494,743)	\$ 1,101,866
6/30/11	1,020,357	86.9	(361,464)	887,078
6/30/12	1,045,983	91.8	(275,481)	960,000

Pension Plan Required Supplementary Information

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability(AAL) -Entry Age (b)</u>	<u>(Unfunded) AAL (UAAL) (a-b)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll ((a-b)/c)</u>
7/01/07	\$ 14,044,381	\$ 18,061,498	\$ (4,017,117)	77.8%	\$ 3,506,416	114.6%
7/01/09	15,681,847	20,691,823	(5,009,976)	75.8	3,993,027	125.5
7/01/11	16,516,711	24,236,343	(7,719,632)	68.1	4,217,112	183.1

Schedule of Employer Contributions

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
6/30/07	\$ 724,950	108%
6/30/08	781,134	103
6/30/09	773,105	104
6/30/10	793,742	139
6/30/11	1,014,103	87
6/30/12	1,041,413	92

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

Municipal Employees' Retirement System

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

Funding Policy - Plan members are required by State Statute to contribute 2-1/4% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. Each participating municipality is required to contribute at an actuarially determined rate. The current rate is 12.79% of annual covered payroll. The contribution requirements of the Town are established and may be amended by the State Retirement Commission. The Town's contributions to MERF for the years ended June 30, 2012, 2011 and 2010 were \$2,065,555, \$1,683,907 and \$1,303,939, respectively, equal to the required contributions for each year.

Teacher Retirement

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

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

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

The Board of Education withholds 7.25% of all teachers' annual salaries and transmits the funds to the State Teachers' Retirement Board. Teacher payroll subject to retirement amounted to \$32,605,284.

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, 2012, the Town has recorded in the General Fund intergovernmental revenue and education expenditures in the amount of \$4,995,629 as payments made by the State of Connecticut on behalf of the Town.

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

12. OTHER POSTEMPLOYMENT BENEFITS

Summary of Significant Accounting Policies

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

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

A. Plan Description

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

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

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

B. Funding Policy

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

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

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

C. Annual OPEB Cost and Net OPEB Obligations

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

	Retiree Benefit Program
Annual required contribution (ARC)	\$ 1,613,400
Interest on net OPEB obligation	(72,900)
Adjustment to annual required contribution	<u>76,500</u>
Annual OPEB cost	1,617,000
Contributions made	<u>1,276,100</u>
Increase in net OPEB obligation	340,900
Net OPEB asset at beginning of year	<u>(971,900)</u>
Net OPEB Asset at End of Year	<u><u>\$ (631,000)</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2012, 2011 and 2010, are presented below.

Fiscal Year Ending	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Asset
6/30/12	\$ 1,617,000	\$ 1,276,100	78.92%	\$ 631,000
6/30/11	2,002,800	1,503,300	75.06%	971,900
6/30/10	1,963,400	1,285,645	65.48%	1,471,400

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

Schedule of Funding Progress

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

Schedule of Employer Contribution

Fiscal Year	Annual Required Contribution	Percentage Contributed
6/30/12	\$ 1,613,400	79.09%
6/30/11	1,997,300	75.27%
6/30/10	1,955,400	65.48%

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

13. FUND BALANCES

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	Major Special Revenue Funds			Nonmajor Governmental Funds	Total
	General Fund	Capital Projects	Sewer Assessment		
Fund balances:					
Nonspendable:					
Inventory	\$	\$	\$	\$ 18,456	\$ 18,456
Prepaid items	30,564				30,564
Permanent fund principal				100,420	100,420
Restricted for:					
Capital projects		3,647,426	1,427,994		5,075,420
Unspent grant balances				1,544,856	1,544,856
Cat room expansion				38,159	38,159
Permanent funds				145,330	145,330
Committed to:					
General government				375,537	375,537
Public safety				110,000	110,000
Public works and highway				3,384,912	3,384,912
Parks, recreation and libraries				448,761	448,761
Health and human services				546,540	546,540
Education	61,284			3,312	64,596
Assigned to:					
Subsequent year budget	2,825,000				2,825,000
General government	211,017				211,017
Public safety	70,447				70,447
Public works and highway	88,902				88,902
Parks, recreation and libraries	12,182				12,182
Health and human services	1,782				1,782
Pension and insurance	5,938				5,938
Unassigned	16,033,323			(31,710)	16,001,613
Total Fund Balances	<u>\$ 19,340,439</u>	<u>\$ 3,647,426</u>	<u>\$ 1,427,994</u>	<u>\$ 6,684,573</u>	<u>\$ 31,100,432</u>

Significant encumbrances of \$390,268 and \$2,115,121 at June 30, 2012 are contained in the above table in the assigned category of the General Fund and the restricted category of the Capital Projects Fund, respectively.

15. LITIGATION

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

16. SUBSEQUENT EVENTS

The Town issued \$5,910,000 of general obligation bond anticipation notes dated August 16, 2012 for various projects. The notes will mature on August 15, 2013 and bear interest at a rate of 1.5%.

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Current Taxes	\$ 81,631,602	\$ 81,631,602	\$ 82,259,180	\$ 627,578
Interest Income	450,000	450,000	520,487	70,487
Lien Fees	6,000	6,000	7,387	1,387
Suspense Collections	12,000	12,000	4,528	(7,472)
Delinquent Taxes	792,000	792,000	1,066,577	274,577
Total taxes	<u>82,891,602</u>	<u>82,891,602</u>	<u>83,858,159</u>	<u>966,557</u>
Intergovernmental Revenues:				
Education Cost Sharing	1,759,095	1,759,095	1,813,823	54,728
School Transportation	78,981	78,981	79,202	221
Health and Welfare	28,236	28,236	11,871	(16,365)
Principal Subsidy	334,835	334,835	671,941	337,106
Interest Subsidy	73,354	73,354	102,227	28,873
Circuit Breaker Elderly	179,888	179,888	210,996	31,108
Elderly Tax Relief - Freeze	10,800	10,800	10,000	(800)
Disability Exemption	2,398	2,398	2,840	442
Veterans' Reimbursement	25,357	25,357	28,276	2,919
Manufacturing PILOT Grant	275,000	275,000	297,482	22,482
Pequot Grant	57,736	57,736	63,105	5,369
Private Property Exemption	114,615	114,615	114,615	-
State Property Exemption	55,990	55,990	56,013	23
State Counseling Grants	99,795	99,795	122,457	22,662
Miscellaneous State Grants			66,712	66,712
Municipal Video Competition Grant			11,578	11,578
Municipal Revenue Sharing Grant			206,835	206,835
Wildlife Refuge	2,000	2,000		(2,000)
North Branford Sewer Fees	160,000	160,000	192,075	32,075
Total intergovernmental revenues	<u>3,258,080</u>	<u>3,258,080</u>	<u>4,062,048</u>	<u>803,968</u>

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TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Licenses, Permits and Fees:				
Building Permits	\$ 405,000	\$ 405,000	\$ 436,448	\$ 31,448
Excavation Permits			6,975	6,975
Sewer Connection Permits	150	150	106	(44)
Other Licenses and Permits	100	100		(100)
Zoning Board of Appeals	4,000	4,000	2,545	(1,455)
Planning and Zoning	20,000	20,000	16,473	(3,527)
Map Copies - Building and Engineering	900	900	1,009	109
Inland Wetlands Applications	7,000	7,000	8,930	1,930
DEP Application Costs			450	450
Education Fee			363	363
Transfer Station Escrow	60,000	60,000	82,780	22,780
Trip Passes	2,600	2,600	3,315	715
Sticker Revenue	18,000	18,000	29,121	11,121
Permits and Tags - Police	18,000	18,000	26,230	8,230
Special Wages - Police	400,000	549,000	624,663	75,663
False Alarm Fees	6,850	6,850	6,100	(750)
Pump Out Services	7,000	7,000	7,300	300
Town Clerk Other Monies	280,000	280,000	332,812	52,812
Conveyance Taxes	310,000	310,000	244,036	(65,964)
DEP Licenses - Town Portion	550	550	386	(164)
Marriage Licenses - Town Portion	2,300	2,300	2,774	474
Dog Licenses	4,700	4,700	3,056	(1,644)
Ambulance Service Fees	1,435,000	1,435,000	1,463,923	28,923
Miscellaneous Permits and Fees - Fire Services			2,340	2,340
Counseling Fees and Services	395,000	395,000	387,427	(7,573)
Counseling - United Way Contribution			106	106
North Branford Probate Fees	3,267	3,267	8,594	5,327
E-Commerce Revenue Share			3,834	3,834
Total licenses, permits and fees	<u>3,380,417</u>	<u>3,529,417</u>	<u>3,702,096</u>	<u>172,679</u>

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TOWN OF BRANFORD, CONNECTICUT

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

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Interest Income	\$ 119,000	\$ 119,000	\$ 175,423	\$ 56,423
Other:				
Willoughby - Wallace Library Fees	4,000	4,000	4,760	760
Willoughby - Passport Fees	2,000	2,000	2,050	50
Employee Health Insurance Co-pay	348,000	348,000	384,869	36,869
In Lieu of Taxes - Telephone Access	107,000	107,000	97,875	(9,125)
In Lieu of Taxes - SCRW	215,000	215,000	240,358	25,358
Leases	3,000	3,000	19,110	16,110
Building Usage			1,775	1,775
NGO Revenue			80	80
Insurance Claims and Refunds	10,000	10,000	80,608	70,608
Miscellaneous Refunds			20	20
Miscellaneous Income	10,000	10,000	74,403	64,403
Sale of Town Property	60,000	60,000	169,673	109,673
Reimbursement Town Services			715	715
Board of Education - Tuition Reimbursement			27,174	27,174
Returned Check Fees			225	225
Under Liquidated Encumbrances			479	479
Total other	<u>759,000</u>	<u>759,000</u>	<u>1,104,174</u>	<u>345,174</u>
Total revenues	90,408,099	90,557,099	92,901,900	2,344,801
Other Financing Sources:				
Transfers in	<u>424,616</u>	<u>424,616</u>	<u>430,039</u>	<u>5,423</u>
Total Revenue and Other Financing Sources	\$ <u>90,832,715</u>	\$ <u>90,981,715</u>	93,331,939	\$ <u>2,350,224</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.			4,995,629	
Under liquidation of prior year encumbrances is recorded as miscellaneous revenue for budgetary reporting. This amount is excluded for financial reporting purposes.			(479)	
The Town does not budget for Board of Education severance fund revenues.			89	
The Town does not budget for premiums on bond issuance.			421,134	
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.			<u>662,613</u>	
Total Revenues and Other Financing Sources as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds Exhibit IV			\$ <u>99,410,925</u>	

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, 2012

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
General Government:				
Legislative	\$ 16,568	\$ 16,568	\$ 16,354	\$ 214
Executive	328,754	328,754	322,758	5,996
Finance	75,076	75,076	72,070	3,006
Treasurer	384,421	388,256	383,059	5,197
Assessor	377,883	377,883	360,208	17,675
Review of Assessment	12,013	12,013	9,607	2,406
Tax Collector	326,050	326,050	264,980	61,070
Town Clerk	227,279	227,279	224,131	3,148
Law	375,000	375,000	336,122	38,878
Labor Relations Negotiations	70,000	70,000	45,246	24,754
Probate Court	12,100	12,100	7,781	4,319
Elections	108,967	135,167	129,256	5,911
Planning and Zoning	266,596	266,596	264,666	1,930
Zoning Board of Appeals	8,354	8,354	5,885	2,469
Development Commission	11,150	11,150	10,675	475
Inland Wetlands Commission	101,846	101,846	97,162	4,684
General Government Buildings	798,967	802,465	708,718	93,747
Cable Television	4,700	4,700	3,134	1,566
Electronic Data Processing	622,314	622,314	616,847	5,467
Human Resources	227,603	227,603	223,929	3,674
Total	<u>4,355,641</u>	<u>4,389,174</u>	<u>4,102,588</u>	<u>286,586</u>
Public Safety:				
Police Service	5,454,862	5,553,491	5,315,293	238,198
Police Service - Special Detail	400,000	549,000	548,512	488
Fire Protection	4,602,016	4,618,516	4,562,846	55,670
Building Department	154,601	154,601	150,655	3,946
Total	<u>10,611,479</u>	<u>10,875,608</u>	<u>10,577,306</u>	<u>298,302</u>
Public Works and Highways:				
Public Works	2,186,818	2,120,644	2,120,040	604
Sanitation and Waste	2,962,899	2,962,899	2,750,805	212,094
General Engineering	256,148	256,148	254,663	1,485
Total	<u>5,405,865</u>	<u>5,339,691</u>	<u>5,125,508</u>	<u>214,183</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Recreation:				
Branford Recreation Department	\$ 815,989	\$ 815,989	\$ 799,317	\$ 16,672
Parker Park	66,069	66,069	55,885	10,184
Young's Park Commission	8,349	8,349	7,833	516
Docks and Recreational Facilities	11,421	11,421	7,450	3,971
Public Celebration	29,386	29,386	23,971	5,415
Conservation Commission	6,172	6,172	5,101	1,071
Total	<u>937,386</u>	<u>937,386</u>	<u>899,557</u>	<u>37,829</u>
Libraries:				
James Blackstone Memorial Library	1,142,654	1,142,654	1,142,654	-
Willoughby-Wallace Library	196,557	196,557	194,746	1,811
Total	<u>1,339,211</u>	<u>1,339,211</u>	<u>1,337,400</u>	<u>1,811</u>
Health and Welfare:				
Human Services	1,202,252	1,202,252	1,200,989	1,263
Commission for the Elderly	362,568	362,568	330,889	31,679
East Shore District Health	202,854	202,854	202,854	-
Total	<u>1,767,674</u>	<u>1,767,674</u>	<u>1,734,732</u>	<u>32,942</u>
Board of Education	<u>49,170,365</u>	<u>49,170,365</u>	<u>49,063,182</u>	<u>107,183</u>
Pension and Insurance:				
Pension and Contributions	3,600,766	3,597,516	3,456,134	141,382
Employee Group Insurance	4,951,019	4,951,019	4,948,306	2,713
Municipal Insurance	1,605,706	1,662,206	1,661,738	468
Contingency	520,600	32,567		32,567
Total	<u>10,678,091</u>	<u>10,243,308</u>	<u>10,066,178</u>	<u>177,130</u>
Debt Service:				
Principal Retirement	5,309,081	5,424,081	5,419,081	5,000
Interest and Fiscal Charges	1,512,841	1,397,841	1,391,991	5,850
Total	<u>6,821,922</u>	<u>6,821,922</u>	<u>6,811,072</u>	<u>10,850</u>
Total expenditures	<u>91,087,634</u>	<u>90,884,339</u>	<u>89,717,523</u>	<u>1,166,816</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, 2012

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Other Financing Uses:				
Transfers to Other Funds:				
Special Revenue Fund:				
Animal Control Fund	\$ 133,888	\$ 133,888	\$ 133,888	\$ -
Special Programs Fund	75,000	75,000	75,000	-
Sewer Utility Fund	600,000	600,000	600,000	-
Capital Projects Fund:				
Open Space Fund	30,300	30,300	30,300	-
Revaluation Fund	99,500	99,500	99,500	-
Ambulance	85,000	85,000	85,000	-
Fire Apparatus	65,000	65,000	65,000	-
Elderly Vehicles	30,000	30,000	30,000	-
DPW Apparatus	125,000	191,174	191,174	-
Capital Procurement Fund	1,326,393	1,612,514	1,612,514	-
Total other financing uses	<u>2,570,081</u>	<u>2,922,376</u>	<u>2,922,376</u>	<u>-</u>
Total Budgeted Operations	\$ <u>93,657,715</u>	\$ <u>93,806,715</u>	92,639,899	\$ <u>1,166,816</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.			4,995,629	
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.			662,613	
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>18,924</u>	
Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds - Exhibit IV			\$ <u>98,317,065</u>	

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 22,016,281	\$ 20,805,384
Investments	4,078,678	4,577,106
Receivables:		
Taxes, net of allowance of \$513,617 for the years ended June 30, 2012 and 2011	2,718,782	2,478,970
Interest	1,031,561	978,049
Intergovernmental	2,383,487	2,675,453
Other	738,786	520,515
Due from other funds		1,800,006
Prepaid items	<u>30,564</u>	<u>29,144</u>
Total Assets	<u>\$ 32,998,139</u>	<u>\$ 33,864,627</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,771,504	\$ 1,649,622
Due to other funds	3,481,920	3,656,009
Deferred revenues	8,278,606	10,087,310
Other	<u>125,670</u>	<u>225,107</u>
Total liabilities	<u>13,657,700</u>	<u>15,618,048</u>
Fund balance:		
Nonspendable	30,564	29,144
Committed	61,284	61,088
Assigned	3,215,268	3,236,840
Unassigned	<u>16,033,323</u>	<u>14,919,507</u>
Total fund balance	<u>19,340,439</u>	<u>18,246,579</u>
Total Liabilities and Fund Balance	<u>\$ 32,998,139</u>	<u>\$ 33,864,627</u>

TOWN OF BRANFORD, CONNECTICUT

GENERAL FUND

REPORT OF TAX COLLECTOR

FOR THE YEAR ENDED JUNE 30, 2012

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Grand List	Uncollected Taxes July 1, 2011	Lawful Corrections	Foreclosures and Adjustments	Transfers to Suspense	Adjusted Taxes Collectible	Collections				Uncollected Taxes June 30, 2012
						Taxes	Interest	Liens	Total	
1996	\$ 12,932	\$	\$	\$	\$ 12,932	\$ 152	\$ 389	\$ 24	\$ 565	\$ 12,780
1997	15,378				15,306	158	378	24	560	15,148
1998	24,354	(589)		(1,913)	21,852	168	369	24	561	21,684
1999	15,828	(620)			15,208	196	371	24	591	15,012
2000	21,959	(661)			21,298	188	347	24	559	21,110
2001	24,473	(689)			23,784	196	327	24	547	23,588
2002	69,503	(401)			69,102	16,220	4,991	96	21,307	52,882
2003	76,928	(421)			76,507	16,145	4,913	72	21,130	60,362
2004	80,528	(398)			80,130	14,768	4,269	48	19,085	65,362
2005	203,903	(12,159)		(102,675)	89,069	21,580	5,997	144	27,721	67,489
2006	229,160	(424)		(102,064)	126,672	33,636	7,567	168	41,371	93,036
2007	275,623	(1,570)			274,053	52,037	18,791	276	71,104	222,016
2008	634,679	17,058			651,737	198,164	72,377	1,157	271,698	453,573
2009	1,297,137	17,756			1,314,893	654,494	134,080	4,254	792,828	660,399
2010	83,876,441	(169,303)			83,707,138	82,259,180	257,175	1,028	82,517,383	1,447,958
	<u>\$ 86,858,826</u>	<u>\$ (152,421)</u>	<u>\$ -</u>	<u>\$ (206,724)</u>	<u>\$ 86,499,681</u>	83,267,282	512,341	7,387	83,787,010	<u>\$ 3,232,399</u>
				Suspense Collections		4,528	8,146		12,674	
				Total		<u>\$ 83,271,810</u>	<u>\$ 520,487</u>	<u>\$ 7,387</u>	<u>\$ 83,799,684</u>	

TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2012

	Special Revenue									
	Board of Education							Small Cities Fund	Town Aid Road	Pass Through Grants
	Water Assessment	Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage			
ASSETS										
Cash and cash equivalents	\$ 11,862	\$ 38,397	\$ 350,022	\$ 426,669	\$ 128,038	\$ 140	\$	\$ 62,879	\$ 394,149	\$
Investment										
Accounts receivable	20,775			101,467				569,861		
Intergovernmental				1,174	60,927					
Due from other funds										
Inventory					18,456					
Total Assets	<u>\$ 32,637</u>	<u>\$ 38,397</u>	<u>\$ 350,022</u>	<u>\$ 529,310</u>	<u>\$ 207,421</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 632,740</u>	<u>\$ 394,149</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE										
Liabilities:										
Accounts payable	\$	\$ 11,938	\$ 1,084	\$ 124,849	\$ 220,650	\$	\$	\$ 9,580	\$	\$
Due to other funds							25			
Deferred revenue	22,097			166,477				569,861		
Total liabilities	<u>22,097</u>	<u>11,938</u>	<u>1,084</u>	<u>291,326</u>	<u>220,650</u>	<u>-</u>	<u>25</u>	<u>579,441</u>	<u>-</u>	<u>-</u>
Fund Balance:										
Nonspendable					18,456					
Restricted				237,984				53,299	394,149	
Committed	10,540	26,459	348,938			140				
Unassigned					(31,685)		(25)			
Total fund balance	<u>10,540</u>	<u>26,459</u>	<u>348,938</u>	<u>237,984</u>	<u>(13,229)</u>	<u>140</u>	<u>(25)</u>	<u>53,299</u>	<u>394,149</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 32,637</u>	<u>\$ 38,397</u>	<u>\$ 350,022</u>	<u>\$ 529,310</u>	<u>\$ 207,421</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 632,740</u>	<u>\$ 394,149</u>	<u>\$ -</u>

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

JUNE 30, 2012

Special Revenue

	<u>Park and Recreation</u>	<u>Special Programs</u>	<u>Counseling Center</u>	<u>Willoughby Wallace Library</u>	<u>Elderly Commission</u>	<u>Animal Control</u>	<u>Foote</u>	<u>Summer Studies</u>	<u>Sewer Utility Fund</u>	<u>FEMA Fund</u>	<u>Total</u>
ASSETS											
Cash and cash equivalents	\$ 520,878	\$ 615,633	\$ 102,588	\$ 5,356	\$ 445,184	\$ 160,840	\$ 3,312		\$ 2,464,346		\$ 5,730,293
Investment				102,759							102,759
Accounts receivable		7,012						178	204,957		904,250
Intergovernmental		140,086				1,210			300,835	739,877	1,244,109
Due from other funds									704,643	67,000	771,643
Inventory											18,456
Total Assets	<u>\$ 520,878</u>	<u>\$ 762,731</u>	<u>\$ 102,588</u>	<u>\$ 108,115</u>	<u>\$ 445,184</u>	<u>\$ 162,050</u>	<u>\$ 3,312</u>	<u>\$ 178</u>	<u>\$ 3,674,781</u>	<u>\$ 806,877</u>	<u>\$ 8,771,510</u>
LIABILITIES AND FUND BALANCE											
Liabilities:											
Accounts payable	\$ 16,000	\$ 10,638	\$ 1,232	\$ 1,242		\$ 13,891			\$ 92,667		\$ 503,771
Due to other funds								178		699,546	699,749
Deferred revenue	162,990								207,742		1,129,167
Total liabilities	<u>178,990</u>	<u>10,638</u>	<u>1,232</u>	<u>1,242</u>	<u>-</u>	<u>13,891</u>	<u>-</u>	<u>178</u>	<u>300,409</u>	<u>699,546</u>	<u>2,332,687</u>
Fund Balance:											
Nonspendable											18,456
Restricted		752,093				38,159				107,331	1,583,015
Committed	341,888		101,356	106,873	445,184	110,000	3,312		3,374,372		4,869,062
Unassigned											(31,710)
Total fund balance	<u>341,888</u>	<u>752,093</u>	<u>101,356</u>	<u>106,873</u>	<u>445,184</u>	<u>148,159</u>	<u>3,312</u>	<u>-</u>	<u>3,374,372</u>	<u>107,331</u>	<u>6,438,823</u>
Total Liabilities and Fund Balance	<u>\$ 520,878</u>	<u>\$ 762,731</u>	<u>\$ 102,588</u>	<u>\$ 108,115</u>	<u>\$ 445,184</u>	<u>\$ 162,050</u>	<u>\$ 3,312</u>	<u>\$ 178</u>	<u>\$ 3,674,781</u>	<u>\$ 806,877</u>	<u>\$ 8,771,510</u>

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

JUNE 30, 2012

Permanent Fund

	<u>Damascus Cemetery</u>	<u>Leshine Scholarship</u>	<u>Caspar Block Scholarship</u>	<u>Gustaf Nelson Memorial</u>	<u>Caspar Block Special Recreation Grant</u>	<u>Total</u>	<u>Transfers/ Interfunds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$	\$ 4,928	\$ 5,160	\$ 37,628	\$ 61,925	\$ 109,641	\$	\$ 5,839,934
Investment	141,003					141,003		243,762
Accounts receivable						-		904,250
Intergovernmental						-		1,244,109
Due from other funds						-	(704,643)	67,000
Inventory						-		18,456
Total Assets	\$ <u>141,003</u>	\$ <u>4,928</u>	\$ <u>5,160</u>	\$ <u>37,628</u>	\$ <u>61,925</u>	\$ <u>250,644</u>	\$ <u>(704,643)</u>	\$ <u>8,317,511</u>
LIABILITIES AND FUND BALANCE								
Liabilities:								
Accounts payable	\$	\$	\$	\$	\$	\$ -	\$	\$ 503,771
Due to other funds	4,894					4,894	(704,643)	-
Deferred revenue						-		1,129,167
Total liabilities	<u>4,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,894</u>	<u>(704,643)</u>	<u>1,632,938</u>
Fund Balance:								
Nonspendable	1,500	4,000	5,000	30,000	59,920	100,420		118,876
Restricted	134,609	928	160	7,628	2,005	145,330		1,728,345
Committed						-		4,869,062
Unassigned						-		(31,710)
Total fund balance	<u>136,109</u>	<u>4,928</u>	<u>5,160</u>	<u>37,628</u>	<u>61,925</u>	<u>245,750</u>	<u>-</u>	<u>6,684,573</u>
Total Liabilities and Fund Balance	\$ <u>141,003</u>	\$ <u>4,928</u>	\$ <u>5,160</u>	\$ <u>37,628</u>	\$ <u>61,925</u>	\$ <u>250,644</u>	\$ <u>(704,643)</u>	\$ <u>8,317,511</u>

TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue									
	Water Assessment	Board of Education					Small Cities	Town Aid Road	Pass Through Grants	
	Program	Day Care	Educational Grants	Cafeteria	Energy Efficiency	Building Usage				
Revenues:										
Assessment income	\$ 3,507	\$	\$	\$	\$	\$	\$	\$	\$	\$
Intergovernmental revenues			2,833,638	426,746			26,870	206,299	355,763	
Sales and services	80,108	414,565		21,477		8,769	21,894			
Investment income	3	68					110	533		
Other	30									
Sale of food				789,716						
Total revenues	<u>3,540</u>	<u>80,108</u>	<u>414,633</u>	<u>2,833,638</u>	<u>1,237,939</u>	<u>-</u>	<u>48,874</u>	<u>206,832</u>	<u>355,763</u>	
Expenditures:										
Current:										
General government										
Public safety										
Public works and highway								81,013		
Parks, recreation and libraries										
Health and human services							60,630		355,763	
Education	71,851	434,118	2,776,135	1,254,186		8,769				
Debt service	37,415									
Total expenditures	<u>37,415</u>	<u>71,851</u>	<u>434,118</u>	<u>2,776,135</u>	<u>1,254,186</u>	<u>-</u>	<u>60,630</u>	<u>81,013</u>	<u>355,763</u>	
Excess (Deficiency) of Revenues over Expenditures	(33,875)	8,257	(19,485)	57,503	(16,247)	-	(11,756)	125,819	-	
Other Financing Sources (Uses):										
Transfers in										
Transfers out										
Net Change in Fund Balances	(33,875)	8,257	(19,485)	57,503	(16,247)	-	(11,756)	125,819	-	
Fund Balances at Beginning of Year	44,415	18,202	368,423	180,481	3,018	140	(25)	65,055	268,330	-
Fund Balances at End of Year	<u>\$ 10,540</u>	<u>\$ 26,459</u>	<u>\$ 348,938</u>	<u>\$ 237,984</u>	<u>\$ (13,229)</u>	<u>\$ 140</u>	<u>\$ (25)</u>	<u>\$ 53,299</u>	<u>\$ 394,149</u>	<u>\$ -</u>

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TOWN OF BRANFORD, CONNECTICUT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Special Revenue

	Park and Recreation	Special Programs	Counseling Center	Willoughby Wallace Library	Elderly Commission	Animal Control	Foote	Summer Studies	Sewer Utility Fund	FEMA Fund	Total
Revenues:											
Assessment income	\$	\$	\$	\$	\$	\$	\$	\$	2,472,886	\$	\$ 2,476,393
Intergovernmental revenues		740,254		1,212		53,732		129,381	743,483		5,517,378
Sales and services	298,774	2,786				30,323		19,461	469,240		1,367,397
Investment income	656	34	158	2,361	57	104		8,418			12,502
Other	17,439	142,951	54,738	41,870	10,929	5,717		52	172,377		446,103
Sale of food											789,716
Total revenues	<u>316,869</u>	<u>886,025</u>	<u>54,896</u>	<u>45,443</u>	<u>10,986</u>	<u>89,876</u>	<u>-</u>	<u>19,461</u>	<u>3,079,977</u>	<u>915,860</u>	<u>10,609,489</u>
Expenditures:											
Current:											
General government		74,798									74,798
Public safety		264,321				213,200					477,521
Public works and highway		265,710							2,365,962	1,052,196	3,764,881
Parks, recreation and libraries	316,286	7,509		39,776							363,571
Health and human services		175,927	67,716		5,317						665,353
Education							3,592	19,599			4,568,250
Debt service											37,415
Total expenditures	<u>316,286</u>	<u>788,265</u>	<u>67,716</u>	<u>39,776</u>	<u>5,317</u>	<u>213,200</u>	<u>3,592</u>	<u>19,599</u>	<u>2,365,962</u>	<u>1,052,196</u>	<u>9,951,789</u>
Excess (Deficiency) of Revenues over Expenditures	583	97,760	(12,820)	5,667	5,669	(123,324)	(3,592)	(138)	714,015	(136,336)	657,700
Other Financing Sources (Uses):											
Transfers in		75,000							600,000	243,667	1,052,555
Transfers out									(797,000)		(797,000)
Net Change in Fund Balances	583	172,760	(12,820)	5,667	5,669	10,564	(3,592)	(138)	517,015	107,331	913,255
Fund Balances at Beginning of Year	<u>341,305</u>	<u>579,333</u>	<u>114,176</u>	<u>101,206</u>	<u>439,515</u>	<u>137,595</u>	<u>6,904</u>	<u>138</u>	<u>2,857,357</u>		<u>5,525,568</u>
Fund Balances at End of Year	<u>\$ 341,888</u>	<u>\$ 752,093</u>	<u>\$ 101,356</u>	<u>\$ 106,873</u>	<u>\$ 445,184</u>	<u>\$ 148,159</u>	<u>\$ 3,312</u>	<u>\$ -</u>	<u>\$ 3,374,372</u>	<u>\$ 107,331</u>	<u>\$ 6,438,823</u>

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TOWN OF BRANFORD, CONNECTICUT

NONMAJOR GOVERNMENTAL FUNDS

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

FOR THE YEAR ENDED JUNE 30, 2012

	Permanent Fund					Total	Total Nonmajor Governmental Funds
	Damascus Cemetery	Leshine Scholarship	Caspar Block Scholarship	Gustaf Nelson Memorial	Caspar Block Special Recreation Grant		
Revenues:							
Assessment income	\$	\$	\$	\$	\$	\$	\$ 2,476,393
Intergovernmental revenues						-	5,517,378
Sales and services						-	1,367,397
Investment income	3,381	7	9	59	100	3,556	16,058
Other					250	250	446,353
Sale of food						-	789,716
Total revenues	<u>3,381</u>	<u>7</u>	<u>9</u>	<u>59</u>	<u>350</u>	<u>3,806</u>	<u>10,613,295</u>
Expenditures:							
Current:							
General government						-	74,798
Public safety						-	477,521
Public works and highway						-	3,764,881
Parks, recreation and libraries					1,501	1,501	365,072
Health and human services	4,475					4,475	669,828
Education		125		500		625	4,568,875
Debt service						-	37,415
Total expenditures	<u>4,475</u>	<u>125</u>	<u>-</u>	<u>500</u>	<u>1,501</u>	<u>6,601</u>	<u>9,958,390</u>
Excess (Deficiency) of Revenues over Expenditures	(1,094)	(118)	9	(441)	(1,151)	(2,795)	654,905
Other Financing Sources (Uses):							
Transfers in						-	1,052,555
Transfers out						-	(797,000)
Net Change in Fund Balances	(1,094)	(118)	9	(441)	(1,151)	(2,795)	910,460
Fund Balances at Beginning of Year	<u>137,203</u>	<u>5,046</u>	<u>5,151</u>	<u>38,069</u>	<u>63,076</u>	<u>248,545</u>	<u>5,774,113</u>
Fund Balances at End of Year	<u>\$ 136,109</u>	<u>\$ 4,928</u>	<u>\$ 5,160</u>	<u>\$ 37,628</u>	<u>\$ 61,925</u>	<u>\$ 245,750</u>	<u>\$ 6,684,573</u>

TOWN OF BRANFORD, CONNECTICUT

INTERNAL SERVICE FUND

COMBINING STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 6,887,122	\$ 2,159,187	\$ 479,707	\$ 9,526,016
Accounts receivable	188,346			188,346
Total assets	<u>7,075,468</u>	<u>2,159,187</u>	<u>479,707</u>	<u>9,714,362</u>
Liabilities:				
Accounts payable	130,481	1,502		131,983
Claims incurred not reported	682,513	754,439	1,219,009	2,655,961
Total liabilities	<u>812,994</u>	<u>755,941</u>	<u>1,219,009</u>	<u>2,787,944</u>
Net Assets:				
Unrestricted	<u>\$ 6,262,474</u>	<u>\$ 1,403,246</u>	<u>\$ (739,302)</u>	<u>\$ 6,926,418</u>

TOWN OF BRANFORD, CONNECTICUT

INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Medical Fund</u>	<u>Workers' Compensation Revenues</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Operating Revenues:				
Contributions for benefits	\$ 11,296,599	\$ 991,812	\$ 220,500	\$ 12,508,911
Others	319,292	11,667	3,183	334,142
Total operating revenues	<u>11,615,891</u>	<u>1,003,479</u>	<u>223,683</u>	<u>12,843,053</u>
Operating Expenses:				
Benefit claims	8,837,338	999,263		9,836,601
Claims administration	1,274,434	61,356		1,335,790
Total operating expenses	<u>10,111,772</u>	<u>1,060,619</u>	<u>-</u>	<u>11,172,391</u>
Operating Income (Loss)	1,504,119	(57,140)	223,683	1,670,662
Nonoperating Income - Interest Income	<u>1,416</u>	<u>1,640</u>	<u>353</u>	<u>3,409</u>
Change in Net Assets	1,505,535	(55,500)	224,036	1,674,071
Net Assets at Beginning of Year	<u>4,756,939</u>	<u>1,458,746</u>	<u>(963,338)</u>	<u>5,252,347</u>
Net Assets at End of Year	<u>\$ 6,262,474</u>	<u>\$ 1,403,246</u>	<u>\$ (739,302)</u>	<u>\$ 6,926,418</u>

TOWN OF BRANFORD, CONNECTICUT
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Medical Fund</u>	<u>Workers' Compensation Fund</u>	<u>Heart and Hypertension Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Cash received for benefits	\$ 12,247,001	\$ 1,003,479	\$ 223,683	\$ 13,474,163
Cash paid for benefits and administration	(9,929,347)	(1,249,698)	(83,541)	(11,262,586)
Net cash provided by (used in) operating activities	<u>2,317,654</u>	<u>(246,219)</u>	<u>140,142</u>	<u>2,211,577</u>
Cash Flows from Investing Activities:				
Interest income	<u>1,416</u>	<u>1,640</u>	<u>353</u>	<u>3,409</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,319,070	(244,579)	140,495	2,214,986
Cash and Cash Equivalents at Beginning of Year	<u>4,568,052</u>	<u>2,403,766</u>	<u>339,212</u>	<u>7,311,030</u>
Cash and Cash Equivalents at End of Year	<u>\$ 6,887,122</u>	<u>\$ 2,159,187</u>	<u>\$ 479,707</u>	<u>\$ 9,526,016</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ 1,504,119	\$ (57,140)	\$ 223,683	\$ 1,670,662
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in balance sheet accounts:				
Decrease in receivables	631,110			631,110
Increase (decrease) in payables	<u>182,425</u>	<u>(189,079)</u>	<u>(83,541)</u>	<u>(90,195)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,317,654</u>	<u>\$ (246,219)</u>	<u>\$ 140,142</u>	<u>\$ 2,211,577</u>

TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Branford Conservation Commission				
Assets:				
Cash and cash equivalents	\$ 1,590	\$ 2	\$ -	\$ 1,592
Liabilities:				
Due to students, employees and other groups	\$ 1,590	\$ 2	\$ -	\$ 1,592
Shellfish Commission				
Assets:				
Cash and cash equivalents	\$ 144,896	\$ 27,051	\$ 4,600	\$ 167,347
Liabilities:				
Due to students, employees and other groups	\$ 144,896	\$ 27,051	\$ 4,600	\$ 167,347
Academy-On-The-Green				
Assets:				
Cash and cash equivalents	\$ 34,754	\$ 2,746	\$ -	\$ 37,500
Liabilities:				
Due to students, employees and other groups	\$ 34,754	\$ 2,746	\$ -	\$ 37,500

(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, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Volunteer Firemen's Pension Fund				
Assets:				
Cash and cash equivalents	\$ 11,691	\$ 4,821	\$	\$ 16,512
Investments	<u>316,494</u>	<u>62,771</u>	<u>31,842</u>	<u>347,423</u>
Total Assets	<u>\$ 328,185</u>	<u>\$ 67,592</u>	<u>\$ 31,842</u>	<u>\$ 363,935</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 328,185</u>	<u>\$ 67,592</u>	<u>\$ 31,842</u>	<u>\$ 363,935</u>
Branford Medical Transit				
Assets:				
Cash and cash equivalents	<u>\$ 26,483</u>	<u>\$ 14,403</u>	<u>\$ 8,075</u>	<u>\$ 32,811</u>
Liabilities:				
Due to students, employees and other groups	<u>\$ 26,483</u>	<u>\$ 14,403</u>	<u>\$ 8,075</u>	<u>\$ 32,811</u>

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TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Commission on Services For the Elderly				
Assets:				
Cash and cash equivalents	\$ 70,452	\$ 105,105	\$ 85,436	\$ 90,121
Liabilities:				
Due to students, employees and other groups	\$ 70,452	\$ 105,105	\$ 85,436	\$ 90,121
Student Activity Funds				
Assets:				
Cash and cash equivalents	\$ 697,085	\$ 1,977,943	\$ 2,031,089	\$ 643,939
Investments	173,113		7,504	165,609
Total Assets	\$ 870,198	\$ 1,977,943	\$ 2,038,593	\$ 809,548
Liabilities:				
Due to students, employees and other groups	\$ 870,198	\$ 1,977,943	\$ 2,038,593	\$ 809,548

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TOWN OF BRANFORD, CONNECTICUT

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
Developer Bond Funds				
Assets:				
Cash and cash equivalents	\$ <u>536,372</u>	\$ <u>25,840</u>	\$ <u>40,547</u>	\$ <u>521,665</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>536,372</u>	\$ <u>25,840</u>	\$ <u>40,547</u>	\$ <u>521,665</u>
Total All Funds				
Assets:				
Cash and cash equivalents	\$ 1,523,323	\$ 2,157,911	\$ 2,169,747	\$ 1,511,487
Investments	<u>489,607</u>	<u>62,771</u>	<u>39,346</u>	<u>513,032</u>
Total Assets	\$ <u>2,012,930</u>	\$ <u>2,220,682</u>	\$ <u>2,209,093</u>	\$ <u>2,024,519</u>
Liabilities:				
Due to students, employees and other groups	\$ <u>2,012,930</u>	\$ <u>2,220,682</u>	\$ <u>2,209,093</u>	\$ <u>2,024,519</u>
Total Liabilities	\$ <u>2,012,930</u>	\$ <u>2,220,682</u>	\$ <u>2,209,093</u>	\$ <u>2,024,519</u>

TOWN OF BRANFORD, CONNECTICUT

STATEMENT OF DEBT LIMITATION

JUNE 30, 2012

In Thousands

Total tax collections (including interest and lien fees) received by Treasurer for the year ended June 30, 2012	\$ 83,800
Total tax collections (including interest and lien fees) of coterminous municipalities (estimated)	1,578
Reimbursement for revenue loss on: Elderly tax relief	<u>10</u>
Base	<u>\$ 85,388</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	\$ 192,122	\$	\$	\$	\$
4-1/2 times base		384,245			
3-3/4 times base			320,204		
3-1/4 times base				277,510	
3 times base					256,163
Total debt limitation	<u>192,122</u>	<u>384,245</u>	<u>320,204</u>	<u>277,510</u>	<u>256,163</u>
Indebtedness:					
Bonds payable	27,769	6,931	20,265		
Bonds authorized and unissued	2,975	2,301			
School building grants receivables		(1,811)			
Total indebtedness	<u>30,744</u>	<u>7,421</u>	<u>20,265</u>	<u>-</u>	<u>-</u>
Debt Limitation in Excess of Outstanding and Authorized Debt	<u>\$ 161,378</u>	<u>\$ 376,824</u>	<u>\$ 299,939</u>	<u>\$ 277,510</u>	<u>\$ 256,163</u>

Note 1: In no case shall total indebtedness exceed seven times annual receipts from taxation: \$597,714.