

TOWN OF NORTH BRANFORD
ANNUAL FINANCIAL REPORT
JUNE 30, 2010

TOWN OF NORTH BRANFORD, CONNECTICUT

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INDEPENDENT AUDITOR'S REPORT

Town Council
Town of North Branford
North Branford, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Branford, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of North 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of North Branford, Connecticut, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund, 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 17, 2010, on our consideration of the Town of North Branford, Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on page 3a-k is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of North Branford, Connecticut's basic financial statements. The budgetary detailed information, combining and individual non-major fund financial statements, other supplemental information presented as schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary information, the combining and individual non-major fund financial statements, and the other supplemental information presented as schedules, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.



LEVITSKY & BERNEY, P.C.
Certified Public Accountants

December 17, 2010

MAYOR
ANTHONY S. CANDELORA

DEPUTY MAYOR
MICHAEL J. DOODY

TOWN MANAGER
RICHARD V. BRANIGAN

COUNCIL MEMBERS
ROSE MARIE ANGELONI
VINCENT P. CAPRIO
ANDREW ESPOSITO III
JOSEPH E. FAUGHNAN
DONALD FUCCI II
ALFRED D. ROSE
JOANNE S. WENTWORTH



TOWN OF NORTH BRANFORD

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MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

As management of the Town of North Branford, Connecticut (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's basic financial statements.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year ended June 30, 2009 by \$69,314,235 (*net assets*). (See Exhibit A) Of this amount, \$8,187,488 (*unrestricted net assets*) may be used, to an extent, to meet the Town's ongoing obligations to citizens and creditors. Amongst the funds that this balance is made up of are Special Revenue Funds, such as the Sewer Works Operating Fund; Capital Projects Funds, such as the Capital Equipment Reserve; and Permanent Funds, such as the Atwater Memorial & Edward Smith Trust Funds.
- The Town's net assets increased by \$7,773,000. While Total Assets increased by over \$5.5 million - primarily reflected in a greater amount of capital investment, Total Current Liabilities decreased by almost \$8.0 million - primarily due to a \$6.3 million reduction in bond anticipation notes (BAN's) that were issued to fund the construction at the North Branford Intermediate School, installation of sanitary sewers for the two schools in Northford Center, replacement of the bridge on Reeds Gap Road and the Library expansion projects. The offsetting factor is the school building construction grant received for the North Branford Intermediate School project, which greatly increased the restricted net asset total.
- The fund balance of the Town's General Fund increased by \$485,121, on a budgetary basis, during the fiscal year ended June 30, 2010. The General Fund is the principal operating fund that is reliant on property taxes/the mill rate, as well as intergovernmental income, and supports the primary functions that a Town is entrusted to provide to its citizens. In addition, because of the operating surplus, dollars from the June 30, 2009 fund balance that the Town had earmarked to help stabilize the mill rate for the 2009-10 fiscal year were not needed.
- The fund balance is the equivalent of the Town's savings account and is the accumulation of each individual year's operating surplus and/or deficit.
- At the end of the fiscal year ended June 30, 2010, the unreserved, undesignated fund balance for the General Fund was \$5,301,749 or 11.65% of total budgetary general fund expenditures for the 2010-11 fiscal year. The bond rating agencies monitor this percentage very closely. Their "minimum" comfort level is at 5% of the subsequent year's expenditures. Bonding agencies use the percentage of

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

unrestricted fund balance as a key indicator when assessing the Town's creditworthiness. During 2007-08 the Town adopted a formal Fund Balance Policy for the General Fund. This policy sets targets of

15% overall fund balance and 10% undesignated fund balance when compared to subsequent year's budget expenditures.

- As of the close of the fiscal year ended June 30, 2010, the Town's governmental funds reported combined ending fund balances of \$6,427,572. It is important to remind readers, as described in the first bullet above that the fund balances are the summation of many different funds and, therefore, are available for spending for specific restricted purposes. Management has made the decision to provide tax relief through utilization of \$350,000 of the General Fund's fund balance in the 2010-11 fiscal year budget as well as \$301,400 for the 2010-11 Other Post Employment Benefits (OPEB) town annual required contribution.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. One can think of the Town's net assets, the difference between assets and liabilities, as one way to measure the Town's financial health and financial position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements of the Town present only governmental activities whose functions are principally supported by taxes and intergovernmental revenues. The governmental activities of the Town include general government, public safety, public works, culture and recreation, health and welfare, development and conservation and education.

The government-wide financial statements can be found on Exhibits A and B of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town reports forty-four (44) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund (1 fund), the Sewer Assessment Fund (3 funds), the Bonded Projects Fund (9 funds) and the Capital and Nonrecurring Fund (17 funds), which are considered to be major funds. Data from the other fourteen (14) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual budget for its general fund and sewer works operating fund. A budgetary comparison statement has been presented for the general fund (Exhibit F) and budgetary comparison schedule for the Sewer works operating fund and to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on Exhibits C and D.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs. The accounting used for fiduciary funds uses the economic resources measurement focus and the accrual basis of accounting.

The basic fiduciary fund financial statements can be found on Exhibits G and H.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found after Exhibit K.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. The Town has a history of fully funding the actuarially-determined Annual Required Contribution, see Note 11.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on pensions.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a Town's financial position. In the case of the Town, assets exceeded liabilities by \$69,314,235 at the close of the most recent fiscal year.

<u>TOWN OF NORTH BRANFORD</u>		
<u>NET ASSETS</u>		
	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 24,975,373	32,172,297
Capital Assets	109,223,523	96,483,230
TOTAL ASSETS	\$ 134,198,896	128,655,527
Long-term liabilities outstanding	\$ 47,039,642	45,366,695
Other liabilities	17,845,019	21,747,370
TOTAL LIABILITIES	\$ 64,884,661	67,114,065
NET ASSETS:		
Invested in capital assets, net of related debt	\$ 61,126,787	55,217,798
Restricted	\$0	0
Unrestricted	8,187,448	6,323,664
TOTAL NET ASSETS	\$ 69,314,235	*61,541,462

**Net Asset figure on June 30/July 1, 2009 were adjusted in last year's audit to reflect the Town's OPEB total liability per the recommendation from the State Office of Policy and Management*

The Town's investment in capital assets (e.g. land, buildings and improvements, vehicles, machinery and equipment and infrastructure), net of related debt to acquire these assets, represents 81.39% of the Town's net assets, by far the largest portion. These assets are used to provide services to Town citizens, and it should be noted that these assets are *not* available for future spending. While the Town's investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

It should be noted that the illustration above is a common result of a change in auditors. There is a portion of the Town's net assets that are indeed restricted as to their use. However, the current auditor captures that information differently than previous auditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net assets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Governmental activities. Governmental activities increased the Town’s net assets by \$8,156,000, making up a majority of the 12.63% increase in the net assets of the Town. Following is a summary of changes in net assets.

**TOWN OF NORTH BRANFORD
CHANGES IN NET ASSETS (\$000)**

	2010	2009	% CHANGE
REVENUES:			
Program revenues:			
Charges for services.....	\$ 2,532	2,568	-1.40%
Operating grants and contributions	11,968	11,385	5.12%
Capital grants and contributions.....	7,143	4,487	59.19%
General revenues:			
Property taxes.....	34,855	33,720	3.37%
Grants and contributions not restricted to specific programs.....	468	1,034	-54.74%
Investment income.....	362	494	-26.72%
Miscellaneous.....	140	240	-41.67%
Total Governmental Activities	\$ 57,468	53,928	
Business-type activities	1,010	1,856	
TOTAL REVENUES.....	\$ 58,478	55,784	4.83%
EXPENSES:			
General government.....	\$ 1,702	1,591	6.97%
Public safety.....	6,492	5,144	3.91%
Public works.....	3,554	3,539	0.42%
Culture recreation.....	596	840	-29.13%
Health and welfare.....	1,535	1,669	-8.03%
Community Development.....	500	451	10.86%
Education.....	32,890	31,566	4.19%
Interest expense.....	2,047	1,461	40.11%
Total Governmental Activities	\$ 49,316	46,261	6.60%
Business-type Activities:			
Sewer Operating Fund	1,389	1,499	-7.34%
TOTAL EXPENSES.....	\$ 50,705	47,760	6.17%
CHANGE IN NET ASSETS.....	\$ 7,773	8,024	
NET ASSETS - JULY 1.....	61,541	53,517	
NET ASSETS - JUNE 30.....	\$ 69,314	*61,541	12.63%*

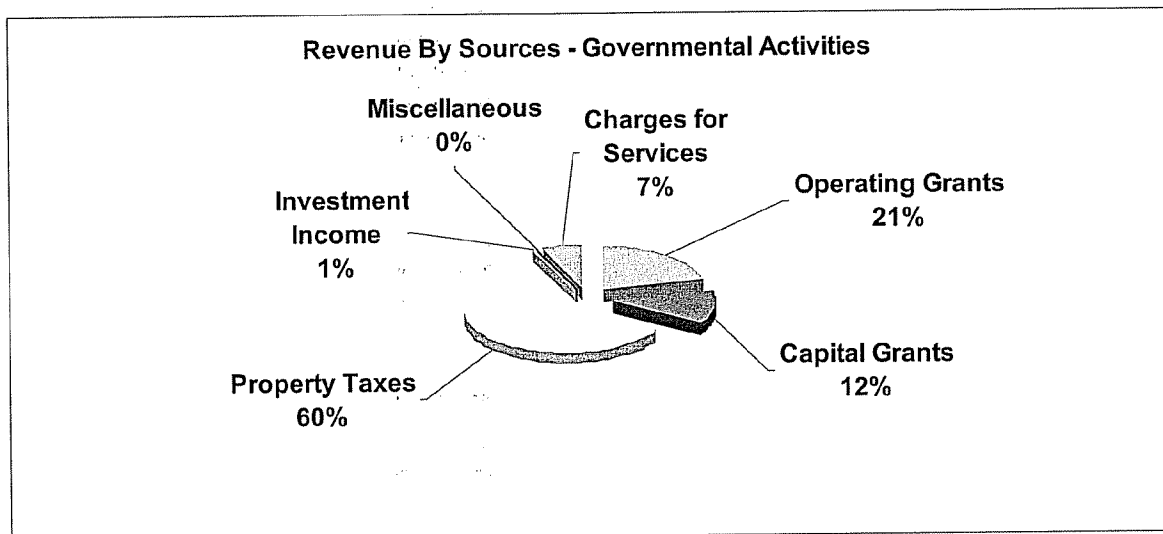
**Net Asset figure on June 30/July 1, 2009 were adjusted in last year’s audit to reflect the Town’s OPEB total liability per the recommendation from the Sstate Office of Policy and Management.*

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Over sixty percent (60.65%) of the revenues of the Town were derived from property taxes, followed by twenty percent (20.83%) from operating grants, over twelve percent (12.43%) from capital grants and contributions and four percent (4.41%) from charges for services. The remaining revenues are comprised of one percent (.81%) from grants and contributions not restricted to specific programs and one percent (.63%) from investment income and less than one percent from miscellaneous revenue (.24%).

Major revenue factors included:

- Delinquent property tax revenues recorded for 2009-10 reflect an increase which is a function of increased collection efforts.
- The percentage that the Town charges for conveyance tax (for real estate transactions) that was scheduled to be reduced did not, resulting in higher conveyance taxes.
- Investment income decreased due to very low interest rates being offered as a result of the overall downturn of the national economy.



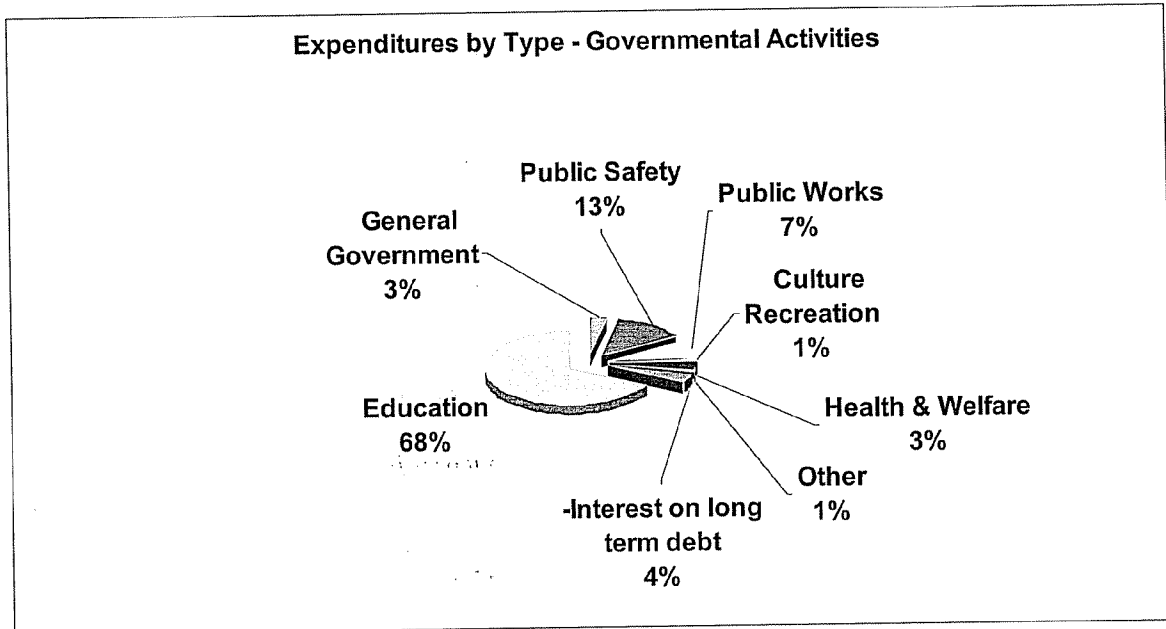
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. However, there were a few exceptions, as noted below.

- General government expenses decreased due to reduced expenditures on capital items for the departments that encompass the General government classification.
- Public safety expenses are higher due to several grant programs being utilized by the police and fire departments.
- Interest expense increased as a function of the increased amount of general obligation bonds and BANS that are a result of the various capital projects underway in Town.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the Town's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



Governmental funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's non-major governmental funds reported combined ending fund balances of \$2,422,703, a decrease of \$45,333 in comparison with the prior year.

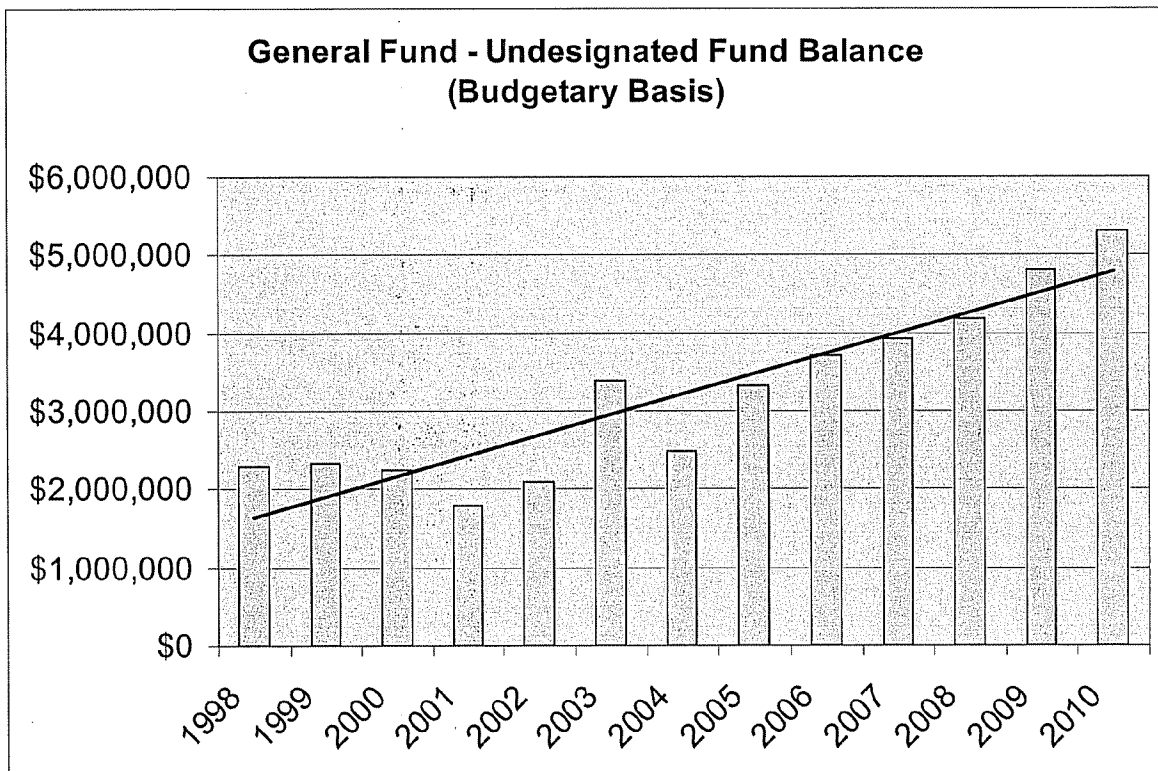
The General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund, on a generally accepted accounting principles (GAAP) basis was \$5,301,749, while total fund balance reached \$6,751,991 (See Exhibit C). As a measure of the general fund's liquidity, it may be useful to compare both unreserved and undesignated fund balance and total fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 11.65% of total 2010-11 general fund budgetary expenditures, while total fund balance represents 14.84% of that same amount.

The fund balance of the Town's general fund increased by \$485,121, on a budgetary basis, during the current fiscal year. Key factors are as follows:

- All departments underexpended their budgets.
- Delinquent tax collections – and interest on the delinquent amounts - were higher than budgeted
- Our reimbursement for Manufacturer's Equipment from the state was higher than budgeted
- Unbudgeted education grants were received

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

While taxpayers fund the majority of the Governmental Activities, certain functions enjoy offsetting revenues in the form of charges for services, operating grants and contributions or capital grants and contributions. In the past, to determine the actual cost of education, for example, was quite difficult since the information was contained in many different funds. The General Fund contains the primary operating expenses, a special revenue fund may contain items such as education grants or recreation program accounts, and a capital project fund may contain expenditures of a capital nature, such as construction of the auditorium. Now, in one exhibit, these costs have been compiled and a true net cost to the taxpayer can be derived.



Sewer Assessment Fund

When sewer projects are completed, the residents are billed to connect to the new sewers. These receipts, payable over a multi-year span, are accumulated in the sewer assessment funds. These funds, once accumulated, are transferred to the General Fund, which is where the debt service payments to repay the bonds from the construction come from. The fund had a fund balance of \$346,257 at June 30, 2010.

Capital Projects

The Town finances most capital expenditures by one of two methods, either with the use of bond proceeds or with funds from other sources. The Capital Projects Fund accounts for projects that utilize bonds as a funding source. The fund had expenditures of \$12,931,724 during the year. The ending fund balance was a deficit of (\$5,043,615) as a result. This will be corrected once the Town permanently bonds the Bond Anticipation Notes that it has issued to fund the expenditures.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital Nonrecurring

As mentioned above, capital projects that are funded by means *other* than bond proceeds are accounted for under this category. Funding consists of such sources as the Town Aid for Roads (TAR) and Local Capital Improvements Programs (LoCIP) grants, capital sewer assessments, and general fund transfers. The fund had capital outlay of \$416,368.

Capital Improvements Program. As part of the annual budget that is adopted, a Capital Improvements Program is the document that marries the long-term capital requests, with current year funding. A variety of sources to fund the capital expenditures include general taxation, bond proceeds and state aid.

Capital Assets and Debt Administration

Capital assets. The Town’s investment in capital assets for its governmental activities as of June 30, 2010, amounts to \$92,446,354 (net of accumulated depreciation). (SEE NOTE 7) This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure.

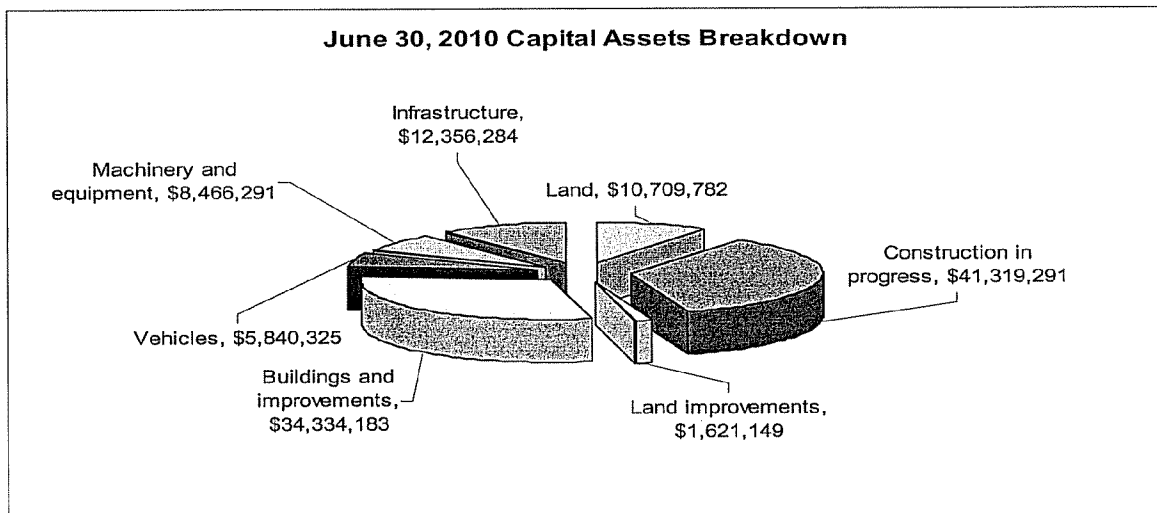
Major capital asset events during the current fiscal year included the following:

- An increase in Construction in Progress is attributable to costs that have expended to date for the North Branford Intermediate School renovate-as-new project and the Library Construction projects. As currently budgeted, the NBIS project will cost roughly \$37.4 million and the Library Projects will cost roughly \$9.5 million, although at the end of FYE 6/30/10, both appear to be under budget.

**TOWN OF NORTH BRANFORD
CAPITAL ASSETS
(Net of Depreciation)**

	2010	2009
Land.....	\$ 10,709,782	10,709,782
Construction in progress.....	41,319,291	28,353,247
Land improvements.....	1,226,157	1,295,198
Buildings and improvements.....	26,289,373	25,868,528
Vehicles.....	2,359,285	3,065,420
Machinery and equipment.....	3,099,776	2,526,012
Infrastructure.....	7,442,690	7,625,163
TOTAL	\$ 92,446,354	79,443,350

Additional information on the Town’s capital assets can be found in Note I



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Long-term debt. At the end of the current fiscal year, the Town had total bonds outstanding of \$47,712,365. The Town has plans to issue debt in the fall of 2010 and 2011. The new debt increase will permanently finance the North Branford Intermediate School renovate-as-new project - roughly \$22 million, the replacement of the bridge on Reeds Gap Road - \$480,000 and the Smith/Atwater Library expansion projects, roughly \$9.2 million (pending the receipt of state grants). The Town maintains an "Aa2" rating under the new global rating schedule from Moody's Investor Services for general obligation debt. Its Bond Anticipation Notes received a rating of MIG1 (Moody's Investor Grade 1).

State statutes limit the amount of general obligation debt a governmental entity may issue to 7 times total tax collections including interest and lien fees and the tax relief for elderly freeze grant. The current debt limitation for the Town is \$ 237,277,572, which is significantly in excess of the Town's outstanding general obligation debt. Additional information on the Town's long-term debt can be found in Note I.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the Town is currently 7.8%. This compares favorably to the 9.6% rate for the New Haven region, for the state's average unemployment rate of 9.3% and the national average rate of 9.5%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town's budget for the 2010-2011 fiscal year.

During the 2009-2010 fiscal year, unreserved fund balance in the general fund increased to \$5,301,749. Although the Town designated \$350,000 of this amount for spending in the 2010-2011 fiscal year, with the intentions of offsetting the need to raise taxes, and \$301,400 towards the Town's share of the Other Post Employment Benefits (OPEB) annual required contribution, the development of the 2010-2011 budget was met with many challenges. Additionally, the Town had to contend with reduced State aid over the last couple of years, shifting more of the burden to the taxpayers. The Town Council made a conscious effort to keep the 2010-2011 expenditures in line and adopted a budget that represented a 3.21% increase over the 2009-2010 adopted budget.

Future budget considerations must include the new accounting standards promulgated by the Governmental Accounting Standards Board (GASB) regarding other post employment benefits (OPEB). Previously, OPEB (other than pensions, e.g. health insurance) that were provided to certain Town and Board of Education retired employees were paid with current budget appropriations. The new GASB Statements No. 43 & 45 change the accounting for these benefits. The costs are computed in a methodology similar to the pension funds. Actuaries review the benefits due the employees and calculate the total obligation that the Town has over the duration of time that the retiree is able to receive the benefits. This new number will be reflected on the balance sheet as a long-term liability. It is the equivalent of the net pension obligation in the pension funds. The Town's actuaries have completed their initial valuation and funding will commence in the 2008-09 fiscal year. This is the equivalent of the annual required contribution for the pension funds. As previously mentioned, the Town has set aside funds from the 2005-06, 2006-07 and the 2007-08 budgets to help with the first annual required contribution in the 2008-09 fiscal year. The Town and Board of Education met their Annual Required Contribution of \$458,000 in 2009-10. It is hoped that the tax revenue impact from the recent commercial developments along Route 80 will provide the majority of the annual OPEB contribution going forward.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Water Pollution Control Authority's sewer user rate increased to \$350 per unit for the 2009-2010 budgets. Additional intermunicipal capital costs (primarily from North Haven and Branford) are being funded from the Sewer Capital Funds, and are shown as transfers in. The long term concern is the liquidation of these sewer capital funds. Once depleted, the entire capital component that is paid to the entities that the Town discharges to will be borne by the sewer user fee. Also, the newly formed Greater New Haven Water Pollution Control Authority has assumed the place of East Haven as the third municipality/entity that accepts our sewage effluent. It is undetermined at this time how the rate structure of the new entity will impact the sewer user budget going forward. Close monitoring of the Capital Project funds will be required to ensure that the funds will be able to offset the aforementioned debt service from other Towns, as well as allow for the consistent and systematic capital expenditure scheduling of our own sewer system.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer/Finance Director, Anthony P. Esposito Jr., CPFO, 909 Foxon Road, North Branford, CT 06471, or at 203 484-6002 or via e-mail at financedirector@townofnorthbranfordct.com.

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STATEMENT OF NET ASSETS
June 30, 2010

ASSETS	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 2,353,945	23,260	2,377,205
Investments	17,027,888	347,751	17,375,639
Receivables	4,698,474	264,487	4,962,961
Prepaid expenses	48,526		48,526
Inventory	15,077		15,077
Capital assets - Not being depreciated	52,029,073		52,029,073
Capital assets - Net of depreciation	40,417,281	16,777,169	57,194,450
Net pension assets	195,965		195,965
Total Assets	\$ 116,786,229	17,412,667	134,198,896
LIABILITIES			
Accounts payable and other liabilities	\$ 2,023,573	5,412	2,028,985
Unearned revenues	1,197,875	279	1,198,154
Accrued interest payable	367,496		367,496
Bond anticipation note	10,420,000		10,420,000
Non-current liabilities:			
Due within one year	3,830,384		3,830,384
Due in more than one year	47,039,642		47,039,642
Total Liabilities	\$ 64,878,970	5,691	64,884,661
NET ASSETS			
Investment in capital assets, net of related debt	\$ 44,349,618	16,777,169	61,126,787
Unrestricted	7,557,641	629,807	8,187,448
Total Net Assets	\$ 51,907,259	17,406,976	69,314,235

The notes to the financial statements are an integral part of this statement.

TOWN OF NORTH BRANFORD, CONNECTICUT

STATEMENT OF ACTIVITIES
For the year ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>
Governmental Activities:	
General government	\$ 1,702,422
Public safety	6,492,157
Public works	3,553,981
Health and welfare	1,534,746
Cultural and recreation	596,192
Education	32,889,605
Community development	500,096
Interest on long-term debt	<u>2,046,839</u>
Total Governmental Activities	\$ <u>49,316,038</u>
Business-Type Activities	
Sewer usage	\$ <u>1,388,753</u>
Total Business-Type Activities	\$ <u>1,388,753</u>
 Total primary government	 \$ <u><u>50,704,791</u></u>

The notes to the financial statements are an integral part of this statement.

Program Revenues			Net (Expenses) Revenue and Change in Net Assets		
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-Type Activities	Total
202,341	8,333		(1,491,748)		(1,491,748)
168,048	50,854		(6,273,255)		(6,273,255)
167	142,313	218,433	(3,193,068)		(3,193,068)
434,578			(1,100,168)		(1,100,168)
392,748	3,305	82,281	(117,858)		(117,858)
1,333,691	11,758,419	6,842,388	(12,955,107)		(12,955,107)
	4,999		(495,097)		(495,097)
			(2,046,839)		(2,046,839)
<u>2,531,573</u>	<u>11,968,223</u>	<u>7,143,102</u>	<u>(27,673,140)</u>	<u>-</u>	<u>(27,673,140)</u>
<u>1,008,147</u>				<u>(380,606)</u>	<u>(380,606)</u>
<u>1,008,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(380,606)</u>	<u>(380,606)</u>
<u>3,539,720</u>	<u>11,968,223</u>	<u>7,143,102</u>	<u>(27,673,140)</u>	<u>(380,606)</u>	<u>(28,053,746)</u>
General Revenues:					
Property taxes			\$ 34,855,092		34,855,092
Grants and contributions not restricted to specific programs			467,507		467,507
Investment earnings			362,223	1,818	364,041
Loss on disposal of capital assets			(17,994)		(17,994)
Miscellaneous			157,873		157,873
Transfer to other funds			(140,150)	140,150	-
Total general revenues			\$ 35,684,551	141,968	35,826,519
Change In Net Assets			\$ 8,011,411	(238,638)	7,772,773
Net Assets-Beginning			43,895,848	17,645,614	61,541,462
Net Assets-Ended			\$ 51,907,259	17,406,976	69,314,235

TOWN OF NORTH BRANFORD, CONNECTICUT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2010

ASSETS	General	Sewer Assessment
Assets:		
Cash and cash equivalents	\$ 683,579	5,063
Investments	7,324,554	341,199
Taxes and interest receivable	794,197	
Intergovernmental receivable	2,199,514	
Other receivables	319,193	1,099,106
Prepaid expenses	36,119	
Inventory		
Total Assets	\$ 11,357,156	1,445,368
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	\$ 719,855	
Deferred revenue	3,629,172	1,099,111
Bond anticipation notes		
Other liabilities	256,138	
Total Liabilities	\$ 4,605,165	1,099,111
 Fund Balances (deficits):		
Reserved for:		
Endowments	\$	
Encumbrances	798,842	
Inventory		
Revaluation		
Designated for subsequent year's budget	651,400	
Unreserved, undesignated reported in:		
General fund	5,301,749	
Special projects		
Capital projects		346,257
Permanent funds		
Total Fund Balances	\$ 6,751,991	346,257
 Total Liabilities and Fund Balance	 \$ 11,357,156	 1,445,368

The notes to the financial statements are an integral part of this statement.

<u>Bonded Projects</u>	<u>Capital and Nonrecurring</u>	<u>Other Governmental</u>	<u>Totals</u>
528,055	46,817	1,090,431	2,353,945
5,561,414	2,156,069	1,644,652	17,027,888
			794,197
	124,820	75,120	2,399,454
	46,229	40,295	1,504,823
		12,407	48,526
		15,077	15,077
<u>6,089,469</u>	<u>2,373,935</u>	<u>2,877,982</u>	<u>24,143,910</u>
771,494	177,352	98,734	1,767,435
141,590	46,347	356,545	5,272,765
10,220,000	200,000		10,420,000
			256,138
<u>11,133,084</u>	<u>423,699</u>	<u>455,279</u>	<u>17,716,338</u>
1,941,418	614,759	509,273	509,273
		6,033	3,361,052
		15,077	15,077
			651,400
			5,301,749
		1,366,399	1,366,399
(6,985,033)	1,335,477		(5,303,299)
		525,921	525,921
<u>(5,043,615)</u>	<u>1,950,236</u>	<u>2,422,703</u>	<u>6,427,572</u>
<u>6,089,469</u>	<u>2,373,935</u>	<u>2,877,982</u>	

Amount reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	92,446,354
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	4,270,855
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	<u>(51,237,522)</u>
Net Assets of Governmental Activities	<u>\$ 51,907,259</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the year ended June 30, 2010

	<u>General</u>	<u>Sewer Assessment</u>
Revenues:		
Property taxes	\$ 35,037,180	
Licenses and permits	118,213	
Intergovernmental	10,535,580	
Charges for services	122,392	
Investment earnings	166,082	2,275
Other	223,719	297,821
Total Revenues	<u>\$ 46,203,166</u>	<u>300,096</u>
Expenditures:		
General	\$ 1,497,799	
Public safety	3,934,833	
Public works	2,402,668	
Culture and recreation	974,771	
Health and welfare	246,500	
Development and conservation	378,106	
Benefits and insurance	2,290,109	
Education	30,387,476	
Capital outlay		
Debt service:		
Principal	2,676,578	
Interest	2,041,340	
Total Expenditures	<u>\$ 46,830,180</u>	<u>-</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>\$ (627,014)</u>	<u>300,096</u>
Other Financial Sources (Uses):		
Bond proceeds	\$	
Bond premium		
Lease proceeds	264,737	
Transfer in	532,460	
Transfer (out)	(187,315)	(310,467)
Total Other Financial Sources	<u>\$ 609,882</u>	<u>(310,467)</u>
Net Change in Fund Balance	<u>\$ (17,132)</u>	<u>(10,371)</u>
Fund Balance - beginning	<u>\$ 6,769,123</u>	<u>356,628</u>
Fund Balance - ended	<u>\$ 6,751,991</u>	<u>346,257</u>

The notes to the financial statements are an integral part of this statement.

<u>Bonded Projects</u>	<u>Capital Nonrecurring</u>	<u>Other Governmental</u>	<u>Totals</u>
			35,037,180
			118,213
6,333,624	218,433	2,777,859	19,865,496
	63,376	2,254,070	2,439,838
69,426	15,921	108,519	362,223
	9,355	7,687	538,582
<u>6,403,050</u>	<u>307,085</u>	<u>5,148,135</u>	<u>58,361,532</u>
578,153	15,009	18,701	2,109,662
		683,054	4,617,887
		140,404	2,543,072
		371,729	1,346,500
		34,382	280,882
		36,861	414,967
		41,703	2,331,812
		3,749,755	34,137,231
12,353,571	401,359		12,754,930
			2,676,578
			2,041,340
<u>12,931,724</u>	<u>416,368</u>	<u>5,076,589</u>	<u>65,254,861</u>
<u>(6,528,674)</u>	<u>(109,283)</u>	<u>71,546</u>	<u>(6,893,329)</u>
7,550,000	450,000		8,000,000
132,620	3,686		136,306
			264,737
357,199	608,609	110,815	1,609,083
(69,106)	(954,651)	(227,694)	(1,749,233)
<u>7,970,713</u>	<u>107,644</u>	<u>(116,879)</u>	<u>8,260,893</u>
<u>1,442,039</u>	<u>(1,639)</u>	<u>(45,333)</u>	<u>1,367,564</u>
<u>(6,485,654)</u>	<u>1,951,875</u>	<u>2,468,036</u>	<u>5,060,008</u>
<u>(5,043,615)</u>	<u>1,950,236</u>	<u>2,422,703</u>	<u>6,427,572</u>

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2010**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) and the Statement of Revenues, Expenditures and Changes in Fund Balances (Exhibit D) are different because:

Net change in fund balances -- Total Governmental Funds (Exhibit D)	\$ 1,367,564
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	13,003,004
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(875,939)
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, however, 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 deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>(5,483,218)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 8,011,411</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND
For the year ended June 30, 2010**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive/ (Negative)
	Original	Final		
Revenues and Other Financial Sources:				
Property taxes	\$ 34,542,541	34,542,541	35,037,179	494,638
Investment income	150,000	150,000	166,082	16,082
Licenses and permits	147,050	147,050	118,213	(28,837)
Current services	73,970	73,970	122,392	48,422
State grants - taxes	337,417	337,417	467,507	130,090
State grants - education	8,422,252	7,264,223	7,454,239	190,016
State grants - other	555,695	555,695	561,876	6,181
Miscellaneous revenues	593,150	593,150	872,374	279,224
Operating transfers	432,508	432,508	432,460	(48)
Total revenues	\$ 45,254,583	44,096,554	45,232,322	1,135,768
Expenditures and Other Financial Uses:				
Current:				
General government	\$ 1,453,689	1,480,560	1,480,415	145
Public safety	3,917,589	3,903,438	3,903,206	232
Public works	2,584,361	2,400,344	2,400,319	25
Cultural and recreation	1,015,871	958,010	957,943	67
Health and welfare	240,712	241,751	241,715	36
Development and conservation	398,174	382,346	382,316	30
Benefits and insurance	2,187,907	2,029,421	2,029,211	210
Board of Education	28,753,212	27,535,748	27,535,745	3
Debt service:				
Principal retirements	2,580,728	2,676,583	2,676,578	5
Interest and other charges	2,041,340	2,041,340	2,041,340	-
Capital improvements				-
Operating transfers	81,000	447,013	447,013	-
Total expenditures	\$ 45,254,583	44,096,554	44,095,801	753
	\$ -	-	1,136,521	1,136,521
Less:				
Designation of fund balance for subsequent year - operating			(651,400)	
Net change in general fund's unreserved, undesignated fund balance			\$ 485,121	
Unreserved, undesignated fund balance, July 1, 2009			4,816,628	
Unreserved, undesignated fund balance, June 30, 2010			\$ 5,301,749	

The notes to the financial statements are an integral part of this statement.

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 June 30, 2010

	<u>Sewer Operating</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 23,260
Investments	347,751
Receivables, net of allowance for collection losses:	
Use charges	82,463
Unbilled services	182,024
Total current assets	<u>\$ 635,498</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>\$ 16,777,169</u>
Total noncurrent assets	<u>\$ 16,777,169</u>
Total assets	<u>\$ 17,412,667</u>
Liabilities:	
Current liabilities:	
Accounts payable & accrued liabilities	\$ 5,412
Unearned revenues	279
Total current liabilities	<u>\$ 5,691</u>
Total liabilities	<u>\$ 5,691</u>
Net Assets:	
Invested in capital assets, net of related debt	\$ 16,777,169
Unrestricted	629,807
Total net assets	<u>\$ 17,406,976</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 For the year ended June 30, 2010**

	<u>Sewer Operating</u>
Operating revenues:	
Charges for services	\$ 998,319
Miscellaneous	9,828
Total operating revenues	<u>\$ 1,008,147</u>
Operating expenses:	
Salaries and benefits	\$ 83,246
Intermunicipal operating contracts	860,361
Other contracts	141,517
Utilities	30,313
Administration and operation	10,605
Depreciation	262,711
Total operating expenses	<u>\$ 1,388,753</u>
Operating income (loss)	<u>\$ (380,606)</u>
Nonoperating revenues (expenses):	
Investment income	\$ 1,818
Capital contributions	
Transfer in from capital assessment	240,150
Transfer out - capital expenditures	(100,000)
Total nonoperating revenues (expenses)	<u>\$ 141,968</u>
Change in net assets	<u>\$ (238,638)</u>
Net Assets, beginning balance	<u>17,645,614</u>
Net Assets, ended balance	<u>\$ 17,406,976</u>

The notes to the financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 For the year ended June 30, 2010**

	<u>Sewer Operating</u>
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,008,115
Payments to suppliers	(1,255,876)
Payments to employees	(83,246)
Net cash flows from operating activities	<u>\$ (331,007)</u>
Cash Flows From Capital and Related Financing Activities	
Net transfers from other funds for capital activities	\$ 140,150
Net cash provided by (used in) capital and related financing activities	<u>\$ 140,150</u>
Cash Flows From Investment activities	
Purchase of investments	\$ 211,880
Interest income	1,818
Net cash flows from investment activities	<u>\$ 213,698</u>
Net increase (decrease) in cash and cash equivalents	\$ 22,841
Cash and Cash Equivalents, Beginning Balance	<u>419</u>
Cash and Cash Equivalents, Ending Balance	<u>\$ 23,260</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In)	
Operating Activities:	
Operating Income (Loss)	\$ (380,606)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:	
Depreciation	262,711
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(215)
Increase (decrease) in accounts payable	(213,080)
Increase (decrease) in unearned income	183
	<u>183</u>
	<u>\$ (331,007)</u>

The notes to the financial statements are an integral part of this statement.

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 June 30, 2010

	<u>Employee Retirement Funds</u>	<u>Post- Employment Healthcare Fund</u>	<u>Agency Funds</u>
ASSETS:			
Cash and cash equivalents	\$ 624,890	245,193	362,071
Accounts receivable		75	
Investments	11,587,156	484,683	
Total assets	<u>\$ 12,212,046</u>	<u>729,951</u>	<u>362,071</u>
LIABILITIES:			
Other liabilities	\$ 95,885		
Due to other groups or agencies			362,071
Total liabilities	<u>\$ 95,885</u>	<u>-</u>	<u>362,071</u>
PLAN NET ASSETS:			
Held in trust for future benefits	<u>\$ 12,116,161</u>	<u>729,951</u>	<u>-</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended June 30, 2010

	Employee Retirement Funds	Post- Employment Healthcare Fund
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 885,461	458,002
Plan members	192,523	346,820
Total Contributions	<u>\$ 1,077,984</u>	<u>804,822</u>
Investments Income (Loss):		
Interest and dividends	\$ 247,070	684
Net (decrease) in fair value of investments	1,685,309	29,073
Net investment earnings	<u>\$ 1,932,379</u>	<u>29,757</u>
Total Additions	<u>\$ 3,010,363</u>	<u>834,579</u>
Deductions:		
Benefits and other deductions	\$ 174,402	512,091
Administration	<u>689,765</u>	<u> </u>
Total Deductions	<u>\$ 864,167</u>	<u>512,091</u>
Net Increase (Decrease)	\$ 2,146,196	322,488
Net Assets, Beginning of Year	<u>9,969,965</u>	<u>407,463</u>
Net Assets, End of Year	<u>\$ 12,116,161</u>	<u>729,951</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Town of North Branford (The "Town") operates under a home rule charter of the State of Connecticut General Statutes and a Town manager/Town council form of government.

The Town provides a full range of services including public safety, roads, sanitation, social services, culture and recreation, education, planning, zoning and general administrative services to its residents.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting board for governmental accounting financial reporting principles. These principles require that the Town report government-wide and fund financial statements, which are described below.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which is normally supported by taxes and intergovernmental revenues, would be reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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*.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are proprietary fund and fiduciary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Fund financial statements

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

The 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 collectable within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are generally recorded when a liability has occurred, as under accrual accounting. However, expenditures related to long-term liabilities, such as debt service payments and compensated absences, are recorded only when payment is due.

Property taxes are assessed as of October 1, and are levied on the following July 1. Real estate, motor vehicles, and personal property taxes are due in two installments on July 1 and the following January 1. Liens are filed on delinquent real estate taxes within one year. Revenues from property taxes are recognized when they become available. Available means due or past due and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers property tax revenue to be available if they are collected within 60 days of the end of the fiscal year.

Those revenues susceptible to accrual are property taxes, special assessments and interest revenue. Fines, permits and charges for services are not susceptible to accrual because generally they are not measurable until received in cash.

Intergovernmental grant revenues and similar items are recognized as soon as all eligible requirements imposed by the provider have been met and funds are collected soon enough to pay liabilities of the current period. For this purpose, grants may be recognized and paid after 60 days of the fiscal year end.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the enterprise funds reported in the 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 government-wide and proprietary fund financial statements subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, provisions for doubtful accounts, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

The government reports the following major governmental funds:

The **General Fund** is the general operating fund of the Town government. All unrestricted resources, except those required to be accounted for in another fund, are accounted for in this fund. From this fund are paid general operating expenditures, fixed charges, principal and interest on long-term debt and capital improvement costs of the Town, which were not paid through a special fund.

The **Sewer Assessment Fund** accounts for assessments levied to benefiting property owners when sewer lines are contracted. Assets are used to pay for the related debt of bonds used to fund the construction of lines.

The **Capital Projects** fund accounts for the financial revenues and resources to be used for major capital outlays funded mainly through the issuance of debt.

The **Capital and Nonrecurring Fund (reserve)** accounts for the financial revenue and resources used for capital outlays and nonrecurring type expenditures funded mainly through governmental grants and the general fund appropriations.

Also the following is a major business-type fund:

The **Sewer Operating Fund** accounts for the operations of the Town's sewer funds. Its operations are financed from special assessments and direct charges to the users of the services.

Additionally, the government reports the following fund types:

The **Pension Trust Funds** account for activities of the Town's defined benefit plans, which accumulate resources for pension benefit payments to qualified employees.

The **Postemployment Healthcare Fund** accounts for the assets, liabilities and activities, of the Town's healthcare benefits for Town retirees.

The **Agency Funds** account for monies held as a custodian for outside groups and agencies.

