

Official Statement Dated October 6, 2011

REFUNDING ISSUE

MOODY'S RATING: Aa2

(See "Ratings" herein)

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance with certain covenants and procedures relating to requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds may be includable in the calculation of certain taxes under the Code, including the federal alternative minimum tax imposed on certain corporations. In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. (See "Tax Matters" herein).

TOWN OF NORTH BRANFORD, CONNECTICUT

\$7,645,000

GENERAL OBLIGATION REFUNDING BONDS, ISSUE OF 2011

(BANK QUALIFIED)

BOOK-ENTRY ONLY

Dated: Date of Delivery

Due: February 1, 2012 and August 1, 2013-2027, as shown below

The Bonds will be general obligations of the Town of North Branford, Connecticut (the "Town") and the Town will pledge its full faith and credit to pay the principal of and the interest on the Bonds when due. (See "Security and Remedies" herein).

The Bonds will bear interest payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2012.

The Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Principal of and interest on the Bonds will be payable by the Town or its agent to DTC or its nominees as registered owners of the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. So long as Cede & Co. is the Bondowner, as nominee of DTC, reference herein to the Bondowner or owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners (as described herein) of the Bonds. (See "Book-Entry Transfer System" herein).

The Bonds are subject to optional redemption prior to maturity as described herein. (See "Optional Redemption" herein).

The Certifying, Registrar, Transfer, Paying and Escrow Agent for the Bonds will be U.S. Bank National Association, in Hartford, Connecticut.

MATURITY SCHEDULE AND AMOUNTS

Maturity	Amount	Interest Rate	Yield	CUSIP	Maturity	Amount	Interest Rate	Yield	CUSIP
February 1, 2012	\$ 85,000	2.000%	0.450%	657798TL8	August 1, 2019	\$250,000	3.250%	2.430%	657798TW4
August 1, 2013	295,000	2.000	0.650	657798TM6	August 1, 2020	535,000	3.000	2.600*	657798TX2
August 1, 2014	310,000	1.500	0.920	657798TN4	August 1, 2021	530,000	3.000	2.700*	657798TY0
August 1, 2015	510,000	2.250	1.230	657798TP9	August 1, 2022	530,000	3.000	2.800*	657798TZ7
August 1, 2016	205,000	2.000	1.550	657798TQ7	August 1, 2023	550,000	3.000	2.900*	657798UA0
August 1, 2016	325,000	2.500	1.550	657798TR5	August 1, 2024	545,000	3.000	3.000	657798UB8
August 1, 2017	525,000	3.000	1.800	657798TS3	August 1, 2025	535,000	3.000	3.070	657798UC6
August 1, 2018	470,000	2.250	2.130	657798TT1	August 1, 2026	555,000	3.125	3.150	657798UD4
August 1, 2018	50,000	3.000	2.130	657798TU8	August 1, 2027	550,000	3.125	3.250	657798UE2
August 1, 2019	290,000	2.500	2.430	657798TV6					

* Priced assuming redemption on August 1, 2019; however any such redemption is at the election of the Town. (See "Optional Redemption" herein).

ROOSEVELT & CROSS INCORPORATED

The Bonds are offered for delivery when, as and if issued, subject to the final approving opinion of Robinson & Cole LLP, of Hartford, Connecticut, Bond Counsel. Certain matters will be passed upon for the Underwriter by Shipman & Goodwin LLP, of Hartford, Connecticut, Underwriter's Counsel. It is expected that delivery of the Bonds in book-entry form will be made to the Depository Trust Company, New York, New York on or about October 20, 2011.

No dealer, broker, salesman or other person has been authorized by the Town of North Branford, Connecticut (the "Town"), to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representation must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the Town from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness.

This Official Statement has been prepared only in connection with the initial offering and sale of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The information, estimates and expressions of opinion herein are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town since the date of this Official Statement.

Other than as to matters expressly set forth in Appendix A – "Audited Financial Statements" herein, the independent auditors for the Town are not passing on and do not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and make no representation that they have independently verified the same.

Other than as to matters expressly set forth in Appendix B "Form of Opinions of Bond Counsel", herein, Bond Counsel is not passing on and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement other than matters expressly set forth as its opinion and makes no representation that it has independently verified the same.

Independent Bond and Investment Consultants LLC, the Town's Financial Advisor, has assisted the Town in the preparation of this Official Statement from information supplied by Town officials and other sources. Independent Bond and Investment Consultants LLC does not assume responsibility for the adequacy or accuracy of the statements made herein and makes no representation that they have independently verified the same.

The Town deems this Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but is subject to revision or amendment.

In accordance with the requirements of Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the Town will agree to provide, or cause to be provided (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, but not in excess of ten business days after the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information on or before the date specified in the Continuing Disclosure Agreement to be executed by the Town in substantially the form contained in Appendix C to this Official Statement. To date the Town has not failed to meet any of its undertakings under such agreements, except for the filing of its annual financial report and operating data for fiscal years ending June 30, 2001 and June 30, 2008 which the Town filed on October 29, 2007 and March 24, 2009, respectively.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

BOND COUNSEL

ROBINSON & COLE LLP

Hartford, Connecticut
(860) 275-8200

INDEPENDENT FINANCIAL ADVISOR

**INDEPENDENT BOND AND
INVESTMENT CONSULTANTS LLC**

Madison, Connecticut
(203) 245-8715

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SECTION I - SECURITIES OFFERED

Introduction

This Official Statement, including the cover page and appendices, is provided for the purpose of presenting certain information relating to the Town of North Branford, Connecticut (the "Town") in connection with the issuance and sale of \$7,645,000 General Obligation Refunding Bonds, Issue of 2011 (the "Bonds") of the Town.

All quotations from and summaries and explanations of provisions of statutes, charters, or other laws and acts and proceedings of the Town contained herein do not purport to be complete and are qualified in their entirety by reference to the original official documents; and all references to the Bonds and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

The presentation of information is intended to show recent historical trends and is not intended to indicate future or continuing trends in the financial or other positions of the Town. Except for information expressly attributed to other sources, all financial and other information presented herein has been provided by the Town.

Bond Counsel is not passing upon and does not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as its opinion) and it makes no representation that it has independently verified the same.

Description of the Bonds

The Bonds will be dated the date of delivery and will mature on February 1, 2012 in the principal amount set forth on the cover page hereof and will thereafter mature in annual installments on August 1, commencing on August 1, 2013, in each of the years and in the principal amounts set forth on the cover page hereof. The Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable semiannually on February 1 and August 1 in each year until maturity, commencing February 1, 2012. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months and will be payable to the registered owners of the Bonds as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day. A book-entry system will be employed evidencing ownership of the Bonds with transfers of ownership effected on the records of The Depository Trust Company, New York, New York ("DTC"), and its participants pursuant to rules and procedures established by DTC and its participants. (See "Book-Entry Transfer System" herein). The Registrar, Certifying Agent, Paying Agent, Transfer Agent and Escrow Agent will be the U.S. Bank National Association, 225 Asylum Street, Hartford, Connecticut 06103 (email: bhscorporatetrust@usbank.com). The Bonds SHALL BE designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended for purposes of the deduction by financial institutions for interest expense allocable to the Bonds. The legal opinion on the Bonds will be rendered by Robinson & Cole LLP, of Hartford, Connecticut, in substantially the form set forth in Appendix B to this Official Statement. **The Bonds are subject to redemption prior to maturity. (See "Optional Redemption" herein).**

Optional Redemption

The Bonds maturing on or before August 1, 2019 are not subject to redemption prior to maturity. The Bonds maturing on August 1, 2020 and thereafter are subject to redemption prior to maturity, at the option of the Town, on or after August 1, 2019, at any time, in whole or in part, and by lot within a maturity, in such amounts and in such order of maturity as the Town may determine, at the following redemption price (expressed as a percentage of the principal amount of Bonds to be redeemed) set forth in the following table, plus accrued interest to the redemption date:

<u>Redemption Date</u>	<u>Redemption Price</u>
August 1, 2019 and thereafter	100%

Notice of Redemption

Notice of redemption shall be given by the Town or its agent by mailing a copy of the redemption notice by first-class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to the registered owner of the Bonds at the address of such registered owner as it appears on the registration books for the Bonds kept for such purpose. Failure to give such notice by mailing to any registered owner, or any defect therein, shall not affect the validity of the redemption of any other Bonds. Upon the giving of such notice, if such funds available solely for redemption are on deposit with the Paying Agent, the Bonds or portions thereof so called for redemption will cease to bear interest after the specified redemption date. So long as Cede & Co., as nominee of the Depository Trust Company ("DTC"), is the registered owners of the Bonds, notice of redemption will be sent on to DTC (or a successor securities depository) or its nominee.

If less than all the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot in such manner as the Town in its discretion may determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or integral multiples, thereof and that, in selecting Bonds for redemption, each Bond shall be considered as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000.

The Town, so long as a book-entry system is used for the Bonds being called for redemption, will send any notice of redemption only to DTC (or a successor securities depository) or its nominee. Any failure of DTC to advise any DTC Participant, or of any DTC Participant or Indirect Participant to notify any Indirect Participant or Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of such Bonds called for redemption. Redemption of portions of the Bonds of any maturity by the Town will reduce the outstanding principal amount of Bonds held by DTC. In such event it is the current practice of DTC to allocate by lot, through its book-entry system, among the interest held by DTC Participants in the Bonds to be redeemed, the interest to be reduced by such redemptions in accordance with its own rules or other agreements with DTC Participants. The DTC Participants and Indirect Participants may allocate reductions of the interests in the Bonds to be redeemed held by the Beneficial Owners. Any such allocation of interests in the Bonds to be redeemed will not be governed by the determination of the Town authorizing the issuance of the Bonds and will not be conducted by the Town, the Registrar or Paying Agent.

Authorization and Use of Proceeds

The Bonds are authorized and issued pursuant to Title 7 of the General Statutes of Connecticut, as amended, the Charter of the Town of North Branford, and a refunding bond resolution adopted by the Town Council at a meeting held September 20, 2011, authorizing the issuance of refunding bonds in an amount not to exceed \$15,000,000.

Plan of Refunding

The Bonds are being issued to advance refund all or a portion of the outstanding maturities of the Town's \$8,505,000 General Obligation Bonds Issue of 2007, dated November 1, 2007 (the "Refunded Bonds") as set forth below.

The refunding is contingent upon delivery of the Bonds.

<u>Issue</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>
2007	11/01/2007	11/01/2013	\$ 400,000	3.625%	11/01/2012	100.00%
2007	11/01/2007	11/01/2014	425,000	3.625	11/01/2012	100.00
2007	11/01/2007	11/01/2015	450,000	3.625	11/01/2012	100.00
2007	11/01/2007	11/01/2016	475,000	3.750	11/01/2012	100.00
2007	11/01/2007	11/01/2017	475,000	3.750	11/01/2012	100.00
2007	11/01/2007	11/01/2018	475,000	4.000	11/01/2012	100.00
2007	11/01/2007	11/01/2019	500,000	4.000	11/01/2012	100.00
2007	11/01/2007	11/01/2020	500,000	4.000	11/01/2012	100.00
2007	11/01/2007	11/01/2021	500,000	4.000	11/01/2012	100.00
2007	11/01/2007	11/01/2022	500,000	4.000	11/01/2012	100.00
2007	11/01/2007	11/01/2023	525,000	4.125	11/01/2012	100.00
2007	11/01/2007	11/01/2024	525,000	4.125	11/01/2012	100.00
2007	11/01/2007	11/01/2025	525,000	4.125	11/01/2012	100.00
2007	11/01/2007	11/01/2026	550,000	4.250	11/01/2012	100.00
2007	11/01/2007	11/01/2027	550,000	4.250	11/01/2012	100.00
	Total		<u>\$7,375,000</u>			

Upon delivery of the Bonds, a portion of the proceeds will be deposited in an irrevocable trust fund (the "Escrow Deposit Fund") established with U.S. Bank National Association, as escrow agent (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agreement") dated as of October 20, 2011 between the Escrow Agent and the Town. The Escrow Agent will use such proceeds to purchase a portfolio of United States Treasury State and Local Government Series securities which shall not be callable or pre-payable at the option of the issuer thereof (the "Escrow Securities"). The principal of and interest on the Escrow Securities, when due, will provide amounts sufficient to pay the principal, interest and redemption premium on the Refunded Bonds to the redemption dates (the "Escrow Requirements"). All investment income on and the maturing principal of the Escrow Securities held in the Escrow Deposit Fund will be irrevocably deposited by the Town for payment of the Refunded Bonds. The balance of the proceeds of the Bonds will be used to pay costs of issuance and Underwriter's discount.

Verification of Mathematical Computations

Barthe & Wahrman, a Professional Association, will verify from the information provided to them the mathematical accuracy, as of the date of the closing on the Bonds: (1) of the computations that the anticipated receipts from the Escrow Securities and cash deposits set forth in the Underwriter's schedules, will be sufficient to pay, when due, the principal, interest and applicable call premium, payment requirements, if any, of the Refunded Bonds, and (2) the computations of yield on the Bonds and the Escrow Securities contained in the provided schedules. Barthe & Wahrman, a Professional Association, will express no opinion on the assumptions provided to them.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	
Par Amount	\$7,645,000.00
Net Original Issue Premium	<u>129,324.65</u>
Total Sources	<u>\$7,774,324.65</u>
Uses:	
Deposit to Escrow Deposit Fund	\$7,660,563.08
Underwriter's Discount	34,402.50
Costs of Issuance	76,000.00
Additional Proceeds	<u>3,359.07</u>
Total Uses	<u>\$7,774,324.65</u>

Ratings

The Town's bond rating has recently been affirmed as "Aa2" by Moody's Investors Service, Inc. ("Moody's"). Such rating reflects only the views of such rating agency and any explanation of the significance of such rating may be obtained from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by the agency if, in the judgment of such rating agency, circumstances so warrant. A revision or withdrawal of such ratings may have an effect on the market price of the Town's bonds and notes, including the Bonds.

Tax Matters

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements which must be met at and subsequent to delivery of the Bonds in order that interest on the Bonds be and remains excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. The Tax Regulatory Agreement, which will be executed and delivered by the Town concurrently with the Bonds, contains representations, covenants and procedures relating to the use, expenditure and investment of proceeds of the Bonds in order to comply with such requirements of the Code. Pursuant to the Tax Regulatory Agreement, the Town also covenants and agrees that it shall perform all things necessary or appropriate under any valid provision of law to ensure interest on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In the opinion of Bond Counsel, based on existing statutes and court decisions and assuming continuing compliance by the Town with its covenants and the procedures contained in the Tax Regulatory Agreement, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations.

Ownership of the Bonds may also result in certain collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security and Railroad Retirement benefits, taxpayers utilizing the earned income credit and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax exempt obligations, such as the Bonds. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of ownership and disposition of, or receipt of interest on, the Bonds.

In the opinion of Bond Counsel, based on existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective.

Prospective purchasers of the Bonds are advised to consult their own tax advisors regarding other State and local tax consequences of ownership and disposition of and receipt of interest on the Bonds.

Original Issue Discount

The initial public offering price of certain maturities of the Bonds may be less than the principal amount payable on such Bonds at maturity. The excess of the principal amount payable at maturity over the initial public offering price at which a substantial amount of these Bonds are sold constitutes original issue discount. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Section 1288 of the Code, the amount of original issue discount treated as having accrued with respect to any Bond during each day it is owned by a taxpayer is added to the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Accrued original issue discount on the Bonds is excluded from gross income for federal income tax purposes. Original issue discount on any bond is treated as accruing on the basis of economic accrual for such purposes, computed by a constant semiannual compounding method using the yield to maturity on such bond. The original issue discount attributable to any bond for any particular semiannual period is equal to the excess of the product of (i) one-half of the yield to maturity of such bond, and (ii) the amount which would be the adjusted basis of the bond at the beginning of such semiannual period if held by the original owner and purchased by such owner at the initial public offering price, over the interest paid during such period. The amount so treated as accruing during each semiannual period is apportioned in equal amounts among the days in that period to determine the amount of original issue discount accruing for such purposes during each such day. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

Original Issue Premium

The initial public offering price of certain maturities of the Bonds may be greater than the principal amount payable on such Bonds at maturity. The excess of the initial public offering price at which a substantial amount of these Bonds are sold over the principal amount payable at maturity or on earlier call date constitutes original issue premium. The prices set forth on the cover page of the Official Statement may or may not reflect the prices at which a substantial amount of the Bonds were ultimately sold to the public.

Under Sections 1016 and 171 of the Code, the amount of original issue premium treated as amortizing with respect to any Bond during each day it is owned by a taxpayer is subtracted from the owner's adjusted basis for purposes of determining gain or loss upon the sale or other disposition of such Bonds by such owner. Amortized original issue premium on the Bonds is not treated as a deduction from gross income for federal income tax purposes. Original issue premium on any bond is treated as amortizing on the basis of the taxpayer's yield to maturity using the taxpayer's cost basis and a constant semiannual compounding method. Prospective purchasers of the Bonds should consult their own tax advisors with respect to the federal income tax consequences of the disposition of and receipt of interest on the Bonds.

General

On September 12, 2011, President Obama released a legislative proposal that would, among other things, subject interest on tax-exempt bonds to a federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. The proposal has not passed either of the two Houses of Congress and it is not possible to predict whether this proposal will be enacted into law. Legislation affecting the exclusion from gross income of interest on obligations, such as the Bonds, is regularly proposed and considered by the United States Congress. There can be no assurance that legislation proposed or enacted after the date of issuance of the Bonds will not reduce or eliminate the benefit of the exclusion from gross income of interest on the Bonds or adversely affect the market price of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any such pending or proposed federal or state tax legislation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is rendered as of its date and is based on existing law, which is subject to change. Bond Counsel assumes no obligation to update or supplement its opinion to reflect any facts or circumstances that may come to their attention, or to reflect any changes in law that may thereafter occur or become effective. On the date of delivery of the Bonds, Bond Counsel will deliver their opinion in the form attached hereto as Appendix B.

The above discussion does not purport to deal with all aspects of federal, state and local taxation that may be relevant to a particular owner of a Bond. Prospective purchasers of the Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal, state and local tax consequences of ownership and disposition of, and receipt of interest on, the Bonds.

Security and Remedies

The Bonds will be general obligations of the Town, and the Town will pledge its full faith and credit to pay the principal of and interest on the Bonds when due. Unless paid from other sources, the Bonds are payable from general property tax revenues of the Town. The Town has the power under Connecticut General Statutes to levy ad valorem taxes on all taxable property in the Town without limit as to rate or amount, except as to certain classified property such as certified forest land taxable at a limited rate and dwelling houses of qualified elderly persons of low income or qualified disabled persons taxable at limited amounts. There was, however, no such classified property on the last completed grand list of the Town, and under existing statutes, the State of Connecticut is obligated to pay the Town the amount of tax revenue which the Town would have received except for the limitation on its power to tax such dwelling houses.

Payment of the Bonds is not limited to property tax revenues or any other revenue source, but certain revenues of the Town may be restricted as to use and therefore may not be available to pay debt service on the Bonds.

There are no statutory provisions for priorities in the payment of general obligations of the Town. There are no statutory provisions for a lien on any portion of the tax levy or other revenues to secure the Bonds, or judgments thereon, in priority to other claims.

The Town is subject to suit on its general obligation bonds and notes, and a court of competent jurisdiction has the power in appropriate proceedings to render a judgment against the Town. Courts of competent jurisdiction also have the power in appropriate proceedings to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the Town to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising their discretion as to whether to enter such an order, the courts may take into account all relevant factors including the current operating needs of the Town and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal of or interest on the Bonds would also be subject to the applicable provisions of Federal bankruptcy laws and to provisions of other statutes, if any, hereafter enacted by the Congress or the Connecticut General Assembly extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Under the Federal bankruptcy code, the Town may seek relief only, among other requirements, if it is specifically authorized, in its capacity as a municipality or by name, to be a debtor under Chapter 9, Title 11 of the United States Code, or by State law or by a governmental officer or organization empowered by State law to authorized such entity to become a debtor under such Chapter. Section 7-566 of the Connecticut General Statutes, as amended, provides that no Connecticut municipality shall file a petition in bankruptcy without the express prior written consent of the Governor. This prohibition applies to any town, city, borough, metropolitan district or any other political subdivision of the State having the power to levy taxes and issues bonds or other obligations.

THE TOWN OF NORTH BRANFORD, CONNECTICUT HAS NEVER DEFAULTED IN THE PAYMENT OF PRINCIPAL OR INTEREST ON ITS BONDS OR NOTES.

Qualification for Financial Institutions

The Bonds SHALL BE designated by the Town as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986, as amended, for purposes of the deduction by financial institutions for interest expense allocable to the Bonds.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its registered subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC's has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and redemption premium, if any, with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been provided by DTC. The Town takes no responsibility for the accuracy thereof.

Replacement Bonds

The determination of the Town authorizing the Bonds provides for issuance of fully registered Bond certificates directly to Beneficial Owners of the Bonds or their nominees in the event that: (a) DTC determines not to continue to act as securities depository for the Bonds, and the Town fails to identify another qualified securities depository for the Bonds to replace DTC; or (b) the Town determines to discontinue the book-entry system of evidence and transfer of ownership of the Bonds. A Beneficial Owner of the Bonds, upon registration of certificates held in such Beneficial Owner's name, will become the registered owner of the Bonds.

DTC Practices

The Town can make no assurances that DTC, Direct Participants, Indirect Participants or other nominees of the Beneficial Owners of the Bonds will act in a manner described in this Official Statement. DTC is required to act according to rules and procedures established by DTC and its participants which are on file with the Securities and Exchange Commission.

Underwriting

The Bonds are being purchased by Roosevelt & Cross, Incorporated (the "Underwriter"). The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the Town at the net aggregate purchase price of \$7,739,922.15, (consisting of the principal amount of \$7,645,000, plus net original issue premium of \$129,324.65, and less underwriter's discount of \$34,402.50). The Underwriter will be obligated to purchase all such Bonds, if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including unit investment trusts and other affiliated portfolios of certain underwriters and other dealers depositing the Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

SECTION II - THE ISSUER

Description of the Town

North Branford, first settled in about 1650 as part of Branford, was incorporated as a separate town in May 1831. It covers an area of 26.8 square miles, six miles northeast of New Haven. It is bounded on the north by Wallingford, east by Guilford, south by Branford, and west by North Haven and East Haven.

North Branford is a growing suburban residential community with expanding commercial and industrial resources and some agriculture. It is estimated the Town's workforce is in excess of 7,600 people, most of who are employed in surrounding towns and the New Haven area.

Tilcon Connecticut Inc. owns approximately 770 acres of property of which 102 acres are an active quarry. The quarry is serviced by a company-owned railroad, which connects CSX Railroad Lines thereby providing effective transportation of its products nationwide. Major products include hot mix asphalt and crushed stone.

The South Central Connecticut Regional Water Authority (the "Authority") owns 5,963 acres of land as a watershed preserve, which includes the Lake Gaillard Reservoir with water reserves of 17 billion gallons. The Authority owns a \$30 million water treatment plant in North Branford which was completed in 1986 and services New Haven and surrounding communities. The Authority, by State statute, makes payments in lieu of taxes on property and improvements in existence as of 1980. See page 30 for the Authority's payments in lieu of taxes to the Town.

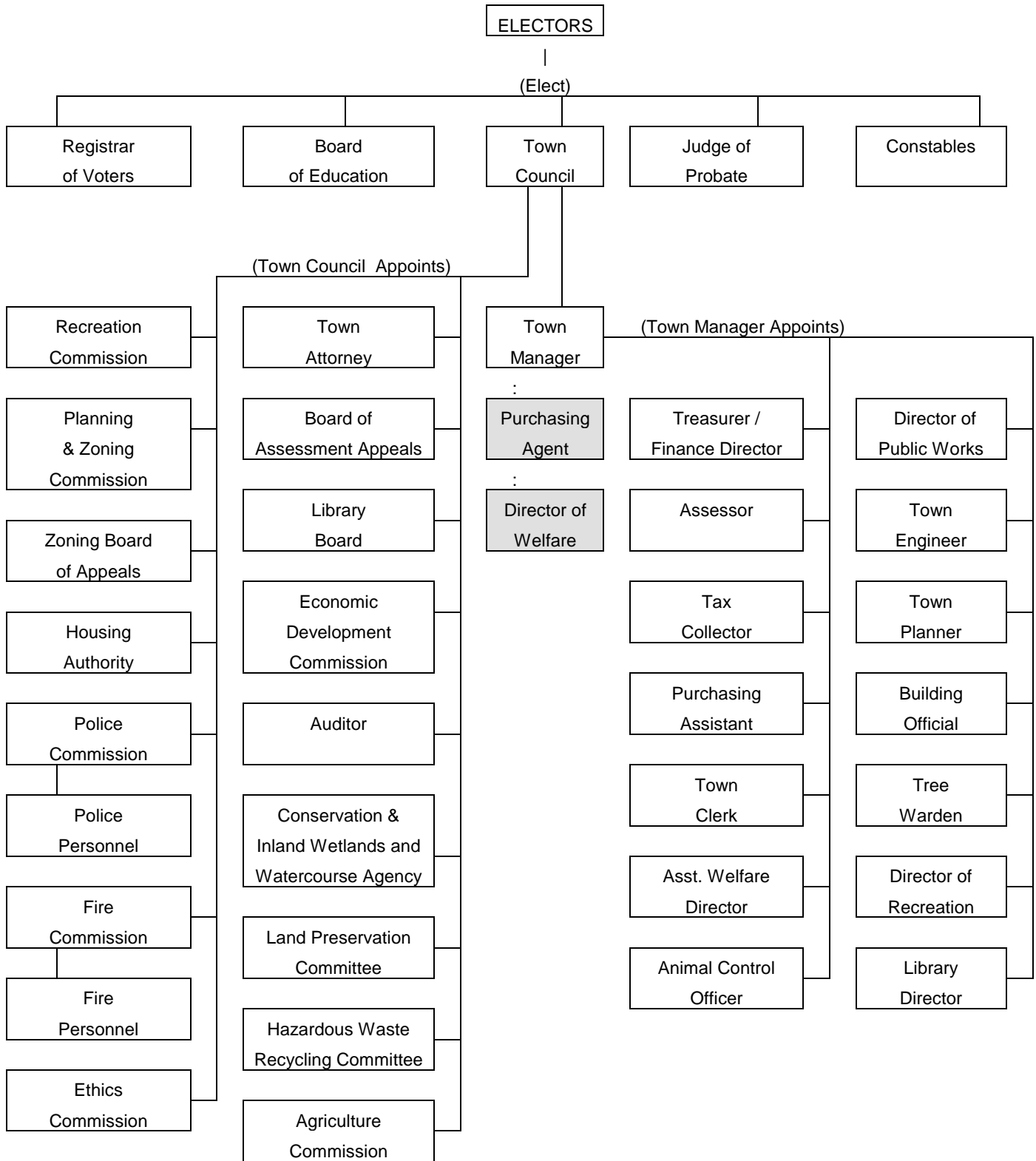
The Town supports and encourages a balance of industrial, commercial and residential use of properties and the Economic Development Commission and Planning and Zoning Commission have worked together to reach this objective. The Town has permitted sewer and water line extensions in furtherance of these objectives with approximately 35% of all residents being served. A recent water main extension in Northford Center ensures not only augmented fire protection, but also safe, adequate water supplies for schools and the commercial district.

The Town is traversed by State Routes 17, 22, 80, 139 and 150. The southern area of Town is easily accessible to Interstate 95. The northern area of Town is easily accessible to Interstate 91 and the Wilbur Cross Parkway (Rt. 15). Passenger transportation is provided by interstate and intrastate buses. Freight service is furnished by various motor common carriers.

Form of Government

North Branford adopted the Council/Manager form of government in 1971. The nine-member Town Council appoints the Town Manager, who serves as Chief Executive of the Town. The Town Manager is directly responsible to the Town Council for planning, organizing and directing all municipal activities, except for education and commissions which are either elected or appointed by the Town Council. The Town Manager also serves as Purchasing Agent and Director of Welfare. The Town Manager appoints department heads, sees that laws and ordinances governing the Town are enforced, makes recommendations and reports to the Town Council, prepares the annual budget, prepares the annual report, keeps the Town Council advised on the Town's financial condition and performs other duties prescribed by Charter, ordinance or Town Council resolution.

Organizational Chart



Shaded areas are additional titles the Town Manager has, per the Charter.

Municipal Officials

<u>Town Council</u>	<u>Term Expires</u> <u>November 15th</u>
Anthony S. Candelora, Mayor	2011
Michael J. Doody, Deputy Mayor	2011
Rose Marie Angeloni	2011
Vincent P. Caprio	2011
Andrew Esposito III	2011
Joseph E. Faughnan	2011
Donald Fucci II	2011
Alfred D. Rose	2011
Joanne S. Wentworth	2011

<u>Other Officials</u>	
Richard V. Branigan	Town Manager
Anthony P. Esposito, Jr., CPFO	Treasurer/Finance Director
Lisa A. Valenti, CCTC, CMC	Town Clerk
Kenneth A. Delfini, CCMC	Town Tax Collector
Christine Barta, CCMA	Town Assessor
Scott Schoonmaker	Superintendent of Schools
John M. Gesmonde	Town Attorney

Source: Town Officials

Biographies of Municipal Officials

Town Manager: Richard V. Branigan began his service to the Town of North Branford as Town Manager in April of 2008. Prior to his tenure at the Town, he had completed nearly 25 years of professional service in municipal government.

Mr. Branigan's most recent employment was with the Town of North Haven as the Director of Public Works and Parks for fifteen years beginning in 1993. In that position, he was responsible for highways, maintenance, parks, sanitation and recycling, wastewater treatment, land use and development, building inspection, engineering and related functions. Prior to this position, he served as North Haven's Director of Parks and Recreation after joining the town as its Assistant Director of Parks and Recreation in 1990.

His previous experience also includes serving as the Manager for the Richter Park Authority of the City of Danbury and as the Assistant to the Commissioner of Recreation and Parks for the City of White Plains, New York.

Mr. Branigan received his Bachelor of Arts in Political Science from Providence College in 1978 and holds a Master of Public Administration Degree from the University of New Haven which he received in 1981. He has also received graduate credits from Southern Connecticut State University and the North Carolina State University and has given several presentations at state and regional professional associations throughout the years.

In addition, Mr. Branigan is President of Kids for Kids, Dancing for Life, Inc., a non-profit organization dedicated to raising funds and support for sick and needy children. He also served recently as the President of the Connecticut Parks Association.

Treasurer/Finance Director: Anthony P. Esposito Jr. has served as Treasurer/Finance Director for the Town of North Branford since June 1994. Prior to that, he served in the Finance Department as the Staff Accountant from January 1992. Before coming to the Town of North Branford, he served as Controller of Eastern Steel & Metal Company/Olympic Steel in Milford, Connecticut.

He received his Bachelor of Science Degree in Accounting from Quinnipiac College, Hamden, Connecticut and his Master's Degree in Accounting from the University of New Haven. He is an adjunct professor of accounting at Quinnipiac University, Hamden, CT. Mr. Esposito is a member of the National and Connecticut Government Finance Officers Association, and received his Certified Public Finance Officer designation from the GFOA in 2001. He is a member of the Connecticut CLASS Finance Committee and is on the board of the Connecticut Public Pension Forum.

Superintendent: Mr. Scott Schoonmaker was appointed Superintendent of Schools effective January 1, 2009. Mr. Schoonmaker is entering his 24th year in education. He received his 6th year and Masters Degree from Sacred Heart University and his undergraduate degree from Assumption College.

Mr. Schoonmaker began his educational career at St. Peter Marian High School in Worcester, Massachusetts as a history teacher and basketball coach. He then moved to Connecticut and taught math and science at St. Mary's School in Jewett City. He then began his career in Old Saybrook where he taught math and science at the middle school. He then moved on to Old Saybrook High School as Dean of students and was soon appointed Principal of Old Saybrook High School and served in that capacity for 11 years.

Summary of Municipal Services

The Town provides full-time police protection consisting of 23 regular police officers. Their major equipment includes 5 unmarked vehicles, 10 marked cruisers, a police motorcycle and a SWAT Vehicle. Police Headquarters includes a complete radio communications center to serve all emergency agencies. The Fire Department consists of four volunteer companies. The four volunteer companies carry a force of approximately 85 active firefighters/EMS personnel. The major equipment includes 18 pieces of apparatus, including ambulances. Currently, contract labor covers the ambulance 80% of the time with the balance being covered by volunteers. There are over 226 street fire hydrants in Town. The towns of North Branford, Branford and East Haven joined together to form the East Shore District Health Department, under provisions of Section 19-106 of the Connecticut General Statutes, now Section 19a-241 of the Connecticut General Statutes. The District participates in per-capita grants from the State of Connecticut, which help to defray the total cost of public health services.

North Branford has installed sanitary sewers throughout the Town which serves approximately 35% of the residents. All sanitary sewers connect with neighboring towns, where the sewage treatment occurs. Private septic systems serve the balance of the population.

The Town contracts with private contractors for residential solid waste pickup. Commercial and institutional solid wastes are also collected by private contractors. On January 8, 1987, the Town executed a Municipal Service Agreement (the "Agreement") with the Connecticut Resources Recovery Authority (the "Authority") through the Mid-Connecticut System (the "System") located in Hartford, Connecticut. The Town has agreed to deliver all acceptable waste, as defined by the Agreement, to the Hartford location under the Agreement. The Agreement will remain in effect so long as any bonds issued by the Authority remain outstanding, provided the last installment of principal on any bond shall become due no later than 30 years from the effective date of the Agreement.

The Town is obligated to deliver a minimum of 35,000 tons per year of solid waste for processing. For fiscal year ending June 30, 2011, the tipping fee was \$69.00 per ton and for fiscal year ending June 30, 2012 the tipping fee is \$69.00 per ton.

The utility companies located in Town are United Illuminating Company, Wallingford Electric, Southern Connecticut Gas Company and South Central Connecticut Regional Water Authority.

Some human and social service programs are contracted to outside agencies. Others, such as mental health, drug/alcohol counseling, marriage and family counseling are done by Town staff. The Town then bills insurance companies and/or the clients for these sessions. The Town provides welfare services that include donated funds for emergency food, fuel, housing and medical needs of Town residents. The Recreation Department is responsible for a wide range of recreational programs for residents of all ages and operates a Community Center/Fitness Center in the former Town Hall. The North Branford Senior Center is one of the first established in the State that provides hot meals on the premises. The Center operates its own bus service and has a full program of activities, crafts and social events. In addition, 65 units of elderly housing, administered by a housing authority, are located near the Senior Center.

Financial institutions in the Town include First Niagara Bank, TD Bank and Wells Fargo.

Educational System

The Town's school system consists of one school for pupils in grades K through 2; one school for pupils in grades 3-5; one school for pupils in grades 6-8 and one school for pupils in grades 9-12. The schools are governed by a six-member Board of Education.

Educational Facilities

<u>School</u>	<u>Grades</u>	<u>Date Occupied</u>	<u>Addition & Renovation</u>	<u>Classrooms</u>	<u>Estimated Enrollment 10/1/10</u>	<u>Capacity</u>
Stanley T. Williams School	Admin.	1961	1975,2000	3	N/A	440
Jerome Harrison School	K-2	1999	1999	20	472	500
Totoket Valley School	3-5	1971	1994	25	518	625
North Branford Intermediate	6-8	1955	1958,1962,1992,2009	32	610	639
North Branford High School	9-12	1964	1967,1972	55	<u>703</u>	<u>1,010</u>
					<u>2,303</u> (1)	<u>3,214</u>

(1) Does not include special education.

Source: Superintendent of Schools.

Enrollment History and Projections

<u>As of October 1</u>	<u>Actual Enrollments</u>				<u>Sp. Education</u>	<u>Total</u>
	<u>K-5</u>	<u>6-8</u>	<u>9-12</u>			
2001-02	1,160	575	651	47	2,433	
2002-03	1,195	588	673	39	2,495	
2003-04	1,196	614	680	68	2,558	
2004-05	1,170	616	713	59	2,558	
2005-06	1,194	599	704	57	2,554	
2006-07	1,164	594	699	57	2,514	
2007-08	1,111	571	729	43	2,454	
2008-09	1,075	630	710	33	2,448	
2009-10	1,041	609	686	18	2,354	
2010-11	990	610	703	28	2,331	
	<u>Projected Enrollments</u>					
2011-12	934	574	646	32	2,186	
2012-13	904	556	669	30	2,159	
2013-14	899	527	665	30	2,121	
2014-15	899	527	665	30	2,095	

Source: Superintendent of Schools.

Municipal Employment

<u>Fiscal Year</u>	<u>Board of Education</u>	<u>General Government</u>	<u>Total</u>
2012	343	109	452
2011	348	109	457
2010	354	111	465
2009	350	109	459
2008	337	109	446
2007	330	115	445
2006	328	112	440
2005	319	112	431

Source: Town Officials.

Municipal Employees by Category

<u>Department</u>	<u>Employees (1)</u>
<u>General Government</u>	
Town Council (includes 1 part-time)	1.0
Town Manager	2.0
Finance (includes 1 part-time)	4.0
Tax Collector (includes 1 part-time)	3.0
Assessor (includes 1 part-time)	3.0
Central Service	2.0
Town Clerk (includes 1 part-time)	3.0
Elections (includes 4 part-time)	4.0
Ethics Commission (includes 1 part-time)	1.0
Permanent Project Bldg. Committee (includes 1 part-time)	1.0
Police	24.0
Fire (includes 7 part-time)	6.0
Communications (includes 1 part-time)	5.0
Public Works	15.0
Recreation	3.0
Senior Services (includes 3 part-time)	4.0
Library (includes 9 part-time)	15.0
Human Relations (includes 2 part-time)	2.0
Social Services (includes 1 part-time)	1.0
HazWaste/Recycling (includes 1 part-time)	1.0
Planning	1.5
Planning and Zoning Commission (includes 1 part-time)	1.0
Zoning Board of Appeals (includes 1 part-time)	1.0
Economic Development Commission (includes 1 part-time)	1.0
Engineering	1.0
Conservation and Inland Wetlands (includes 1 part-time)	1.0
Agriculture Commission (includes 1 part time)	1.0
Building Department (includes 1 part time)	1.5
Total General Government	109.0
<u>Board of Education</u>	
Administration and Principals	9.0
Teachers	197.0
Instructional support	98.0
Other staff	39.0
Total Board of Education	343.0
Total Employees	452.0

(1) Includes full and part-time positions.

Source: Town Officials.

Municipal Employees Bargaining Organizations

As of the date of this Official Statement, the Town employed 452 people. The following table sets forth a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

<u>Employees</u>	<u>Organization</u>	<u>Number Of Employees</u>	<u>Contract Expiration Date</u>
<u>General Government</u>			
Public Works	Local #1303-18, Council #4, AFSCME, AFL-CIO	14	6/30/11 (1)
Police Dept.	Local #484, IBPO	21	6/30/11 (1)
Clerical	Local #1303-155, Council #4, AFSCME, AFL-CIO	17	6/30/11 (1)
Library	Local #1303-179, Council #4, AFSCME, AFL-CIO	5	6/30/11 (1)
Non-Bargaining	Non-affiliated	<u>52</u>	N/A
	General Government Sub-total	109	
<u>Board of Education</u>			
Board of Education	North Branford School Administrators Association	8	6/30/13
School Teachers	North Branford Education Association	197	6/30/14
Clerical Staff	North Branford Secretarial	18	6/30/13
Custodial/Maintenance	Local #1303, Council #4, AFSCME, AFL-CIO	14	6/30/11 (1)
Nurses	North Branford Board of Education School Nurses & School Health Aides	4	6/30/11 (1)
Cafeteria	Local #1303, Council #4, AFSCME, AFL-CIO	25	6/30/11 (1)
Aides	North Branford Federation of Paraprofessionals	61	6/30/12
Non-Bargaining	Non-affiliated	<u>16</u>	N/A
	Board of Education Sub-total	<u>343</u>	
	Total General Government and Board of Education	<u>452</u>	

(1) In negotiations.

Note: Connecticut General Statutes Sections 7-473c, 7-474 and 10-153a through 10-153n provide for a procedure for binding arbitration of collective bargaining agreements between municipal employers and organizations representing municipal employees, including certified teachers and certain other employees. The legislative body of a municipal entity may reject an arbitration panel's decision by a two-thirds majority vote. The State of Connecticut and the employee organization must be advised in writing of the reasons for rejection. The State then appoints a new panel of either one or three arbitrators to review the decisions on each of the rejected issues. The panel must accept the last best offer of either party. In reaching its determination, the arbitration panel gives priority to the public interest and the financial capability of the municipal employer, including consideration of other demands on the financial capability of the municipal employer. For binding arbitration of teachers' contracts, in assessing the financial capabilities of a municipality, there is an irrefutable presumption that a budget reserve of 5% or less is not available for the payment of the cost of any item subject to arbitration. In light of the employer's financial capability, the panel considers prior negotiations between the parties, the interests and welfare of the employee group, changes in the cost of living, existing employment conditions, and wages, salaries, fringe benefits, and other conditions of employment prevailing in the labor market, including developments in private sector wages and benefits.

SECTION III - ECONOMIC AND DEMOGRAPHIC DATA

Population Trends

Year	<u>Town of North Branford</u>	<u>New Haven County</u>	<u>State of Connecticut</u>
1960	6,771	660,315	2,535,234
1970	10,778	744,948	3,032,217
1980	11,554	761,337	3,107,576
1990	12,996	804,219	3,287,116
2000	13,906	824,008	3,405,565
2010	14,407	862,477	3,574,097

Source: U.S. Census Bureau.

Age Characteristics of Population

<u>Age Group</u>	<u>Town of North Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 5	646	4.5	202,106	5.7
5-19	2,841	19.7	713,670	20.0
20-24	690	4.8	227,898	6.4
25-44	3,125	21.7	904,815	25.3
45-64	4,583	31.8	1,019,049	28.5
65 and over	<u>2,522</u>	<u>17.5</u>	<u>506,559</u>	<u>14.2</u>
Total	<u>14,407</u>	<u>100.0</u>	<u>3,574,097</u>	<u>100.0</u>

Source: U.S. Census Bureau, Census 2010.

Selected Wealth and Income Indicators

	<u>Median Family Income</u>		<u>Per Capita Income</u>	
	<u>(2000)</u>	<u>(2005)</u>	<u>(2000)</u>	<u>(2005)</u>
Town of North Branford	\$71,813	\$97,733	\$28,542	\$35,494
New Haven County	60,549	77,451	24,439	31,318
Connecticut	65,521	83,797	28,766	36,468
United States	49,600	62,363	21,690	27,041

Source: U.S. Census Bureau, Census 2000 and 2005-2009 American Community Survey.

Income Distribution

	<u>Town of North Branford</u>		<u>State of Connecticut</u>	
	<u>Families</u>	<u>Percent</u>	<u>Families</u>	<u>Percent</u>
\$ 0 to 9,999	-0-	0.0	27,665	3.1
10,000 to 14,999	-0-	0.0	18,848	2.1
15,000 to 24,999	112	2.9	44,485	5.0
25,000 to 34,999	216	5.5	57,034	6.4
35,000 to 49,999	379	9.7	89,925	10.1
50,000 to 74,999	541	13.8	154,854	17.3
75,000 to 99,999	793	20.2	141,848	15.9
100,000 to 149,999	1,046	26.6	186,050	20.8
150,000 to 199,999	686	17.5	79,110	8.9
200,000 or more	<u>153</u>	<u>3.9</u>	<u>92,730</u>	<u>10.4</u>
	<u>3,926</u>	<u>100.0</u>	<u>892,549</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2005-2009 American Community Survey.

Educational Attainment
Years of School Completed, Age 25 & Over

<u>Educational Attainment Group</u>	<u>Town of North Branford</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Less than 9th grade	255	2.5	109,092	4.7
9th to 12th grade	403	4.0	166,795	7.1
High School graduate	3,657	35.9	675,219	28.8
Some college, no degree	1,778	17.4	400,524	17.1
Associates degree	714	7.0	170,811	7.3
Bachelor's degree	1,901	18.7	465,662	19.9
Graduate or professional degree	<u>1,485</u>	<u>14.6</u>	<u>356,089</u>	<u>15.2</u>
Total	<u>10,193</u>	<u>100.0</u>	<u>2,344,192</u>	<u>100.0</u>
Percentage of High School Graduates		93.5%		88.2%
Percentage of College Graduates or Higher		33.2%		35.1%

Source: U.S. Census Bureau, 2005-2009 American Community Survey.

Employment by Industry

	<u>Town of North Branford</u>		<u>New Haven County</u>		<u>State of Connecticut</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Agriculture, forestry, fisheries	41	0.5	1,360	0.3	6,668	0.4
Construction	472	6.1	25,978	6.2	115,303	6.6
Manufacturing	923	11.9	53,890	12.8	210,800	12.1
Wholesale trade	224	2.9	11,652	2.8	49,061	2.8
Retail trade	660	8.5	48,589	11.6	195,096	11.2
Transportation & warehousing, and utilities	681	8.8	17,199	4.1	66,455	3.8
Information	363	4.7	12,371	2.9	47,293	2.7
Finance, insurance, real estate	561	7.3	30,293	7.2	169,743	9.7
Professional, scientific, management, administrative, and waste management services	774	10.0	38,300	9.1	181,514	10.6
Educational, health & social services	1,816	23.5	118,393	28.2	421,009	24.1
Arts, entertainment, recreation, accommodation and food services	585	7.6	28,156	6.7	136,085	7.8
Other professional services	263	3.4	18,093	4.3	77,069	4.4
Public Administration	<u>368</u>	<u>4.8</u>	<u>16,252</u>	<u>3.9</u>	<u>66,165</u>	<u>3.8</u>
TOTAL	<u>7,731</u>	<u>100.0</u>	<u>420,526</u>	<u>100.0</u>	<u>1,745,261</u>	<u>100.0</u>

Source: U.S. Census Bureau, 2005-2009 American Community Survey.

Major Employers

<u>Name of Employer</u>	<u>Nature of Entity</u>	<u>Estimated Number Of Employees</u>
Fire-Lite, Inc.	Alarm Systems	575
Town of North Branford	Government	452
Evergreen Woods	Life Care Facility	208
Tilcon Minerals, Inc.	Mining Company	140

Source: Town officials.

Unemployment Rate Statistics

<u>Yearly Average</u>	<u>Town of North Branford</u>	<u>New Haven Labor Market</u>	<u>State of Connecticut</u>	<u>United States</u>
2001	2.5%	3.2%	3.3%	4.0%
2002	3.4	4.1	4.3	4.8
2003	4.4	5.4	5.5	5.8
2004	4.0	4.8	4.9	5.8
2005	4.4	5.0	4.9	5.5
2006	3.9	4.5	4.3	5.1
2007	4.0	4.8	4.6	4.6
2008	5.0	6.0	5.8	4.6
2009	6.7	7.9	8.0	5.8
2010	7.6	9.2	9.0	9.6
		<u>2011 Monthly</u>		
January	8.9%	10.0%	9.6%	9.8%
February	8.7	9.9	9.6	9.5
March	8.3	9.6	9.3	9.2
April	7.6	9.3	8.9	8.7
May	7.5	9.5	9.1	8.7
June	7.5	9.6	9.1	9.3
July	7.8	9.7	9.2	9.3
August	7.5	9.5	9.0	9.1

Source: State of Connecticut, Department of Labor; United States Department of Labor, Bureau of Labor Statistics.

Number and Value of Building Permits

<u>Calendar Year</u>	<u>Single Family</u>		<u>Commercial/Industrial</u>		<u>Apartments and Condos</u>		<u>Total All Categories</u>	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
2011	1	\$ 366,681	1	\$ 312,730	0	\$ -0-	2	\$ 679,411
2010	0	-0-	1	780,112	0	-0-	1	780,112
2009	6	1,807,275	3	2,804,691 (1)	0	-0-	9	4,611,966
2008	6	1,483,520	4	35,664,663 (2)	0	-0-	10	37,148,183
2007	8	1,554,700	10	6,756,362	0	-0-	18	8,311,062
2006	6	1,545,000	10	2,093,605	0	-0-	16	3,638,605
2005	26	4,440,916	21	4,233,747	5	416,740	52	9,091,403
2004	57	8,708,381	36	4,010,617	7	871,555	100	13,590,807
2003	29	4,154,923	34	3,180,005	1	46,380	64	7,381,308
2002	39	4,694,094	26	3,479,741	2	75,312	67	8,249,147

(1) Includes \$1,919,531 for the foundation at the Atwater Library Project.

(2) Includes \$35,075,418 for the North Branford Intermediate School Project.

Source: Town Officials.

Number of Dwelling Units

<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>	<u>% Increase 2000-2010</u>	<u>% Increase 1990-2010</u>	<u>% Increase 1980-2010</u>
5,629	5,246	4,610	3,578	7.3%	22.1%	57.3%

Source: U.S. Census Bureau.

SECTION IV - INDEBTEDNESS

Computation of Statutory Debt Limit

As of October 20, 2011 (Pro Forma)

Total Fiscal Year 2011 tax collections (including interest and lien fees) (unaudited estimates)	\$34,720,363
State Reimbursement for Revenue Loss on: Tax Relief for the Elderly (unaudited estimates)	<u>2,000</u>
Base for Establishing Debt Limit (unaudited estimates)	<u>\$34,722,363</u>

Debt Limit

	<u>General Purpose</u>	<u>School</u>	<u>Sewer</u>	<u>Urban Renewal</u>	<u>Unfunded Past Pension</u>	<u>Total Debt</u>
(2.25 times base)	\$78,125,317					
(4.50 times base)		\$156,250,634				
(3.75 times base)			\$130,208,861			
(3.25 times base)				\$112,847,680		
(3.00 times base)					\$104,167,089	
(7.00 times base)						\$243,056,541
Indebtedness						
Bonds Payable	\$18,952,000	\$ 28,518,000	\$ 622,000	\$ -0-	\$ -0-	\$ 48,092,000
The Refunded Bonds	(5,605,000)	(1,770,000)	-0-	-0-	-0-	(7,375,000)
The Bonds (<i>This Issue</i>)	5,812,000	1,833,000	-0-	-0-	-0-	7,645,000
Notes Payable	200,000	4,033,000	-0-	-0-	-0-	4,233,000
State of Connecticut						
Clean Water Fund (CWF)						
Project Loan Obligation (PLO)	-0-	-0-	691,394	-0-	-0-	691,394
Authorized but Unissued Debt	<u>-0-</u>	<u>1,877,547</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,877,547</u>
Total Indebtedness	19,359,000	34,491,547	1,313,394	-0-	-0-	55,163,941
Less:						
State grants receivable (1)	-0-	(5,902,249)	-0-	-0-	-0-	(5,902,249)
Sewer assessments receivable (2)	<u>-0-</u>	<u>-0-</u>	<u>(894,555)</u>	<u>-0-</u>	<u>-0-</u>	<u>(894,555)</u>
Net Indebtedness	<u>19,359,000</u>	<u>28,589,298</u>	<u>418,839</u>	<u>-0-</u>	<u>-0-</u>	<u>48,367,137</u>
Excess of Limit Over Outstanding and Authorized Debt	<u>\$58,766,317</u>	<u>\$127,661,336</u>	<u>\$129,790,022</u>	<u>\$112,847,680</u>	<u>\$104,167,089</u>	<u>\$194,689,404</u>

Under Chapter 109 of the Connecticut General Statutes the total indebtedness shall not exceed seven times the annual receipts of the Town tax collections or \$243,056,541.

(1) As of October 20, 2011 the Town estimates it has school building construction grants receivable in the amount of \$1,425,363 for school projects approved prior to July 1, 1996. The Town estimates that it will receive \$14,473,000 in progress payment grants for the design and contract administration portion of the North Branford Intermediate School Project. The Town has received progress payments in the amount of \$9,996,114 for this project to date. (See "School Projects" herein).

(2) As of June 30, 2011.

Source: Town Officials.

Calculation of Net Direct Indebtedness

As of October 20, 2011 (Pro Forma)

Bonded Indebtedness (1)	
The Bonds (<i>This Issue</i>)	\$ 7,645,000
The Refunded Bonds	(7,375,000)
General Purpose	18,952,000
Schools	28,518,000
Sewers	622,000
State of Connecticut CWF Project Loan Obligation	<u>691,394</u>
Total Bonded Indebtedness	49,053,394
Short-Term Indebtedness	
Notes Payable	<u>4,233,000</u>
Total Direct Indebtedness	53,286,394
Exclusions:	
(School building grants receivable) (2)	(1,425,363)
(Sewer assessments receivable) (3)	<u>(894,555)</u>
Net Direct Indebtedness	<u><u>\$50,966,476</u></u>

(1) Does not include authorized but unissued debt of \$1,877,547. (See "Authorized but Unissued Debt" herein).

(2) As of October 20, 2011 the Town estimates it has school building construction grants receivable in the amount of \$1,425,363 for school projects approved prior to July 1, 1996. (See "School Projects" herein.).

(3) As of June 30, 2011.

Source: Town Officials.

Current Debt Ratios

As of October 20, 2011 (Pro Forma)

Total Direct Indebtedness (1)	\$53,286,394
Total Net Direct Indebtedness (1)	\$50,966,476
Population (2)	14,407
Net Taxable Grand List (10/1/10)	\$1,296,741,514
Estimated Full Value	\$1,852,487,877
Equalized Net Taxable Grand List (2009) (3)	\$1,917,957,235
Per Capita Income (1999) (4)	\$28,542
Total Direct Indebtedness:	
Per Capita	\$3,698.65
To Net Taxable Grand List	4.11%
To Estimated Full Value	2.88%
To Equalized Net Taxable Grand List	2.78%
Per Capita to Per Capita Income	12.96%
Total Net Direct Indebtedness:	
Per Capita	\$3,537.62
To Net Taxable Grand List	3.93%
To Estimated Full Value	2.75%
To Equalized Net Taxable Grand List	2.66%
Per Capita to Per Capita Income	12.39%

(1) Excludes Refunded Bonds, includes the Bonds.

(2) U.S. Bureau of Census, Census 2010.

(3) Office of Policy and Management, State of Connecticut

(4) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Statement

	<u>2010-11 (1)</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Population (2)	14,407	14,387	14,352	14,359	14,367
Net taxable grand list	\$1,296,741,514	\$1,293,235,060	\$1,284,274,455	\$1,266,891,075	\$1,258,616,410
Estimated full value	\$1,852,487,877	\$1,847,478,657	\$1,834,677,793	\$1,809,844,393	\$1,798,023,443
Equalized net taxable grand list (3)	\$1,917,957,235	\$1,863,009,222	\$1,983,467,813	\$1,979,674,513	\$1,809,274,440
Per capita income (4)	\$28,542	\$28,542	\$28,542	\$28,542	\$28,542
Short-term debt	\$ 4,233,000	\$10,420,000	\$16,720,000	\$14,500,000	\$ 7,050,000
Long-term debt	<u>51,003,637</u>	<u>46,877,365</u>	<u>41,458,093</u>	<u>20,368,821</u>	<u>22,729,549</u>
Total Direct Indebtedness	\$55,236,637	\$57,297,365	\$58,178,093	\$34,868,821	\$29,779,549
Net Direct Indebtedness	\$52,529,852	\$53,966,595	\$54,058,512	\$30,021,338	\$24,222,785

(1) Unaudited estimates.

(2) U. S. Bureau of Census.

(3) Office of Policy and Management, State of Connecticut

(4) U.S. Department of Commerce, Bureau of Census, Census 2000.

Historical Debt Ratios

	<u>2010-11 (1)</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>
Total Direct Indebtedness:					
Per capita	\$3,834.01	\$3,982.58	\$4,053.66	\$2,428.36	\$2,072.77
To net taxable grand list	4.26%	4.43%	4.53%	2.75%	2.37%
To estimated full value	2.98%	3.10%	3.17%	1.93%	1.66%
To equalized net taxable grand list	2.88%	3.08%	2.93%	1.76%	1.65%
Debt per capita to per capita income	13.43%	13.95%	14.20%	8.51%	7.26%
Net Direct Indebtedness:					
Per capita	\$3,646.13	\$3,751.07	\$3,766.62	\$2,090.77	\$1,686.00
To net taxable grand list	4.05%	4.17%	4.21%	2.37%	1.92%
To estimated full value	2.84%	2.92%	2.95%	1.66%	1.35%
To equalized net taxable grand list	2.74%	2.90%	2.73%	1.52%	1.34%
Debt per capita to per capita Income	12.77%	13.14%	13.20%	7.33%	5.91%

(1) Unaudited estimates.

Outstanding Short-Term Indebtedness

The Town has \$4,233,000 in bond anticipation notes outstanding that mature on November 8, 2011. The Town anticipates on rolling the bond anticipation notes for another year at maturity. (See "Authorized but Unissued Debt" herein).

Capital Leases

The Town has outstanding Lease Agreements in the amount of \$469,413 as of June 30, 2011. These payments are not included in the outstanding bonded debt.

Overlapping and Underlying Indebtedness

The Town has no overlapping or underlying indebtedness.

Clean Water Fund Program

The Town of North Branford is a participant in the State of Connecticut Clean Water Fund Program (Connecticut General Statutes Section 22a-475 et seq., as amended) which provides financial assistance through a combination of grants and loans bearing interest at a rate of 2% per annum. All participating municipalities receive a grant of 20% and a loan of 80% of total eligible costs (with the exception of combined sewer overflow correction projects which are financed with a 50% grant and a 50% loan and denitrification projects which are financed by a 30% grant and a 70% loan.)

Loans to each municipality are made pursuant to Project Grant and Project Loan Agreements (the "Loan Agreement"). Each municipality is obligated to repay only that amount which it draws down for the payment of project costs. Each municipality must deliver to the State an obligation secured by the full faith and credit of the municipality, and/or a dedicated source of revenue of such municipality.

Amortization of each loan is required to begin one year from the earlier of the project completion date specified in the Loan Agreement or the actual project completion date. The final maturity of each loan is twenty years from the scheduled completion date. Principal and interest payments are made (1) in equal monthly installments commencing one month after the scheduled completion date, or (2) in single annual installments representing 1/20 of total principal not later than one year from the project completion date specified in the Loan Agreement repayable thereafter in monthly installments. Loans made under a Loan Agreement entered into prior to July 1, 1989 are repayable in annual installments. Borrowers may elect to make level debt service payments or level principal payments. Borrowers may prepay their loans at any time prior to maturity without penalty.

The Town has the following Clean Water Fund loans outstanding:

<u>Project</u>	<u>Original 2% Loan Amount</u>	<u>Amount Outstanding as of October 20, 2011</u>
CWF PLO 138-C	<u>\$ 6,523,164</u>	<u>\$ 691,394</u>

Legal Requirements for Approval of Borrowing

The Town has the power to incur indebtedness by issuing its bonds or notes as authorized by the Connecticut General Statutes subject to statutory debt limitations and the requirements of the Town Charter for the authorization of indebtedness. Under the Charter, the Town Council, acting as the Town's legislative body, authorizes borrowings. The authorization of indebtedness is subject to referendum if requested by petition of at least five percent of the Town's registered electors.

Temporary Financing

When general obligation bonds have been authorized, bond anticipation notes may be issued maturing in not more than two years (CGS Sec. 7-378). Temporary notes may be renewed up to ten years from their original date of issue as long as all project grant payments are applied toward payment of project costs or temporary notes when they become due and payable, and the legislative body schedules principal reductions by the end of the third year and for each subsequent year during which such temporary notes remain outstanding, in an amount equal to a minimum of 1/20th (1/30th for sewer projects) of the estimated net project cost (CGS Sec. 7-378a). The term of the bond issue is reduced by the amount of time temporary financing exceeds two years.

Temporary notes must be permanently funded no later than ten years from their initial borrowing date, except sewer notes issued in anticipation of State and/or Federal grants. If written commitment exists, the municipality may renew the sewer notes from time to time in terms not to exceed six months until such time that the final grant payments are received (CGS Sec. 7-378b).

Temporary notes may also be issued for up to 15 years for certain capital projects associated with the operation of a waterworks system (CGS Sec. 7-244a) or a sewage system (CGS Sec. 7-264a). In the first year following the completion of the project(s), or in the sixth year following the original date of issue (whichever is sooner), and in each year thereafter, the notes must be reduced by 1/15th of the total amount of the notes issued by funds derived from sources of payment specified by statute. Temporary notes may be issued in one-year maturities for up to 15 years in anticipation of sewer assessments receivable, such notes to be reduced annually by the amount of assessments received during the preceding year (CGS Sec. 7-269a).

School Projects

Pursuant to Section 10-287i of the Connecticut General Statutes, the State of Connecticut will provide proportional progress payments for eligible school construction expenses on projects approved after July 1, 1996. State grants will be paid directly to the municipality after it submits its request for progress payments, and accordingly, the municipality will issue its bonds only for the net share of project costs.

Under the current program, the State of Connecticut will make proportional progress payments for eligible construction costs during certain phases of construction. The following projects will be reimbursed under this method:

<u>Project</u>	<u>Amount of Total Authorization</u>	<u>Estimated Non-reimbursable Costs</u>	<u>Estimated Eligible Cost For Reimbursement</u>	<u>Estimated Reimbursement Rate % (2)</u>	<u>Estimated Grants (2)</u>
North Branford Intermediate School (1)	\$37,400,000	\$10,200,000	\$27,200,000	53.21%	\$14,473,000

(1) The estimated reimbursement rate for the project is 53.21% of eligible costs. However, because the square footage of the school exceeds state formulas, it is expected that only 79% of the total costs will be eligible for reimbursement. If only 79% of the total costs are found to be eligible, this would effectively reduce the reimbursement rate to a net 38.7%, which would equate to \$11,455,000.

(2) Estimated grants receivable are based upon eligibility of project costs. Eligible costs to be determined at completion of the project.

Debt service reimbursement will continue under the prior reimbursement program for all projects approved prior to July 1, 1996. Under the prior program, a municipality issues bonds for the entire amount of the school construction project and the State of Connecticut reimburses the municipality for principal and interest costs for eligible school construction expenses over the life of outstanding school bonds and the subsequent bond issues necessary to completely fund the school projects.

Authorized but Unissued Debt

	<u>Total Bond Authorization</u>	<u>Prior Bonds Issued</u>	<u>Amount of Notes Outstanding</u>	<u>Paydowns / Grants (1)</u>	<u>Authorized But Unissued</u>
North Branford Intermediate School Design and Construction	\$37,400,000	\$21,927,000	\$ 4,033,000	\$ 9,996,114	\$1,443,886 (2)
Reeds Gap Road Bridge Project	650,000	450,000	200,000 (3)	-0-	-0-
North Branford High School Gymnasium Roof	433,661	-0-	-0-	-0-	433,661
Total	<u>\$38,483,661</u>	<u>\$22,377,000</u>	<u>\$ 4,233,000</u>	<u>\$ 9,996,114</u>	<u>\$1,877,547</u>

(1) Estimated over the life of the authorization.

(2) The total estimated project cost, including the current authorization is \$37,400,000. The expected reimbursement rate for the project is 53.21% of eligible costs. However, because the square footage of the school exceeds state formulas, it is expected that only 79% of the total costs will be eligible for reimbursement. If only 79% of the total costs are found to be eligible, this would effectively reduce the reimbursement rate to a net 38.7%, which would equate to \$11,455,000. Progress payments received will reduce the authorized but unissued debt by a similar amount. (See "Authorization and Use of Proceeds" and "School Projects" herein).

(3) The Town expects to receive \$200,000 in State of Connecticut grants for this project. The grants received will pay down the Notes at maturity.

Capital Improvement Program

Under Section 8-3 of the Town Charter, the Town Manager annually submits an updated five-year capital improvement program to the Town Council. The plan is a systematic program to add or replace capital items for each department within the General Government and Board of Education. Annual publication and approval by the Town Council is required for eligibility for certain state grants. A copy of the most recent capital improvement program is available from the Town Manager's Office.

Combined Schedule of Long Term Debt through Maturity
As of October 20, 2011 (Pro Forma)

Fiscal Year	Principal (1,2) Payments	Interest Payments	Total Debt (1,2) Service	Refunded Bonds Principal	The Bonds Principal	Principal (1,3) All Issues
2011-12	\$ 3,495,728	\$ 1,880,652	\$ 5,376,380	\$ -0-	\$ 85,000	\$ 3,580,728
2012-13	3,795,728	1,646,985	5,442,713	-0-	-0-	3,795,728
2013-14	4,302,181	1,496,747	5,798,928	(400,000)	295,000	4,197,181
2014-15	4,360,000	1,342,809	5,702,809	(425,000)	310,000	4,245,000
2015-16	4,415,000	1,198,806	5,613,806	(450,000)	510,000	4,475,000
2016-17	4,540,000	1,059,544	5,599,544	(475,000)	530,000	4,595,000
2017-18	2,895,000	940,763	3,835,763	(475,000)	525,000	2,945,000
2018-19	2,745,000	839,313	3,584,313	(475,000)	520,000	2,790,000
2019-20	2,770,000	734,456	3,504,456	(500,000)	540,000	2,810,000
2020-21	2,765,000	631,163	3,396,163	(500,000)	535,000	2,800,000
2021-22	2,700,000	526,988	3,226,988	(500,000)	530,000	2,730,000
2022-23	2,695,000	422,588	3,117,588	(500,000)	530,000	2,725,000
2023-24	2,740,000	316,950	3,056,950	(525,000)	550,000	2,765,000
2024-25	2,760,000	209,684	2,969,684	(525,000)	545,000	2,780,000
2025-26	925,000	138,578	1,063,578	(525,000)	535,000	935,000
2026-27	950,000	101,563	1,051,563	(550,000)	555,000	955,000
2027-28	950,000	63,438	1,013,438	(550,000)	550,000	950,000
2028-29	400,000	37,000	437,000	-0-	-0-	400,000
2029-30	400,000	21,750	421,750	-0-	-0-	400,000
2030-31	<u>400,000</u>	<u>7,250</u>	<u>407,250</u>	<u>-0-</u>	<u>-0-</u>	<u>400,000</u>
Total	<u>\$51,003,637</u>	<u>\$13,617,027</u>	<u>\$64,620,664</u>	<u>\$(7,375,000)</u>	<u>\$7,645,000</u>	<u>\$51,273,637</u>

(1) Does not reflect principal payments of \$2,220,243 made as of October 20, 2011.

(2) Includes Refunded Bonds, excludes the Bonds.

(3) Includes the Bonds, excludes Refunded Bonds.

Source: Town Officials

SECTION V - FINANCIAL DATA

Accounting Policies

The Town's accounting policies are summarized in Note 1 "Summary of Significant Accounting Policies" in the Notes to Financial Statements.

Basis of Accounting

See Note 1 "Measurement Focus, Basis of Accounting and Financial Statement Presentation" in the Notes to Financial Statements (Appendix A).

Audit

Pursuant to the provisions as delineated in the Municipal Auditing Act (Chapter 111 of the Connecticut General Statutes), the Town is obligated to undergo an annual examination by an independent certified public accountant. The firm of Levitsky & Berney, P.C. of Woodbridge, Connecticut, is the auditors, and is required to conduct an examination under the guidelines issued by the State of Connecticut, Office of Policy & Management, which receives a copy of said audit report when completed.

The most recent annual audit covers the fiscal year ended June 30, 2010, a portion of which is included in this document and made a part hereof as Appendix A. Included in Appendix A are the Independent Auditor's Report, Management's Discussion and Analysis, the Town's Basic Financial Statements and the Notes to the Financial Statements, together with the report of the independent auditor as prepared by Levitsky & Berney, P.C., Independent Certified Public Accountants. The information contained in Appendix A is not the whole audit report. A full report is available from the Treasurer/Finance Director, Town of North Branford, upon request.

Budgetary Procedures

The Town follows the following procedure in establishing the budgetary data included in the General Fund and certain Special Revenue Funds financial statements. No later than April 1st the Town Manager shall present to the Town Council a budget and recommendations. The Town Council shall hold one or more public hearings no later than April 15th, at which time any elector or taxpayer may be heard regarding appropriations for the ensuing fiscal year. On the second Tuesday in May, the Town Council submits to the annual budget referendum proposed expenditures and the means of financing them.

- Prior to July 1, the budget is legally enacted through passage of a resolution.
- The Town Council is authorized to transfer budgeted amounts within departments prior to March 31 of a fiscal year.
- The Town Council may make transfers between departments after April 1 of a fiscal year.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.
- Except for encumbrance accounting, the budget is prepared on the modified accrual basis of accounting.

All unencumbered appropriations lapse at year end, except those for the Capital Projects Fund and certain special revenue grants. Appropriations for Capital Projects are continued until completion of applicable projects, even when projects extend more than one fiscal year.

Employee Pension Systems

The Town has three defined benefit pension plans covering substantially all Town employees and administrative employees of the Board of Education except teachers, who participate in a contributory plan administered by the Connecticut State Teachers Retirement Board. One plan is a contributory plan covering police officers. The second plan is a contributory plan which covers all other full-time employees of the Town and Board of Education, except certified teachers. The third plan is a non-contributory plan which covers volunteer firefighters and ambulance personnel. All plans are administered by Morgan Stanley effective January 1, 1997. Effective November 1, 1999, the Town adopted a Defined Contribution 401 (a) Plan. After one year of service, Town employees other than police officers and certified teachers are eligible to participate in the plan. All employees hired prior to July 1, 1999 had the option, until September 30, 1999, of converting to the aforementioned Defined Contribution Plan or retaining the Defined Benefit Plan that was previously implemented. The Town also maintains a 457 Deferred Compensation Plan for all employees on a voluntary basis. During the fiscal year ended June 30, 2001, a separate 401(a) Defined Contribution Pension Plan was established by the Town Council for the Town Manager. For further details on the plans, see Appendix A, page 37, Notes to the Financial Statements.

Police Plan - The police employees contribute 5% of their gross earnings to the plan. As of July 1, 2010, the date of the most recent actuarial valuation, the plan membership included 9 retirees and beneficiaries receiving benefits and 21 active plan members. There were no terminated employees entitled to but not yet receiving benefits.

Town Plan - The town employees contribute 4% of their gross earnings to the plan. Effective October 1, 1999, the employees' contribution is on a pre-tax basis. As of July 1, 2010, the date of the most recent actuarial valuation, the plan membership included 64 retirees and beneficiaries receiving benefits, 13 terminated employees entitled to benefits but not yet receiving them and 27 active plan members.

Firefighters and Ambulance Personnel Plan – The Plan pays \$23.00 per month per year of credited service for qualified personnel. As of July 1, 2010, the date of the most recent actuarial valuation, the plan membership included 20 retirees and beneficiaries receiving benefits, 20 terminated employees entitled but not yet receiving benefits and 89 active plan members.

Based upon a July 1, 2010 actuarial valuation, the funding level of the three defined benefit plans were as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
<u>Town Plan</u>						
07/01/2010	\$4,950,601	\$7,501,324	\$2,550,723	66.0%	\$1,372,510	185.84%
07/01/2009	5,069,492	7,267,629	2,198,137	69.8	1,428,227	153.9
07/01/2008	5,254,609	6,960,366	1,705,757	75.5	1,441,418	118.3
<u>Police Plan</u>						
07/01/2010	\$6,579,378	\$8,633,767	\$2,054,389	76.2%	\$1,649,015	124.6%
07/01/2009	6,805,368	8,519,219	1,713,851	79.9	1,762,581	97.2
07/01/2008	6,422,046	7,840,297	1,418,251	81.9	1,583,540	89.6
<u>Firefighter's Plan</u>						
07/01/2010	\$1,091,995	\$1,979,997	\$888,002	55.2%	N/A	N/A
07/01/2009	999,228	1,786,800	787,572	55.9	N/A	N/A
07/01/2008	955,890	1,688,334	732,444	56.6	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
<u>Town Plan</u>			
2012	\$319,000	\$319,000 (1)	100.0%
2011	277,962	277,962	100.0%
2010	217,447	217,447	100.0%
2009	245,973	245,973	100.0%
2008	257,130	257,130	100.0%
<u>Police Plan</u>			
2012	\$479,000	\$479,000 (1)	100.0%
2011	462,700	462,700	100.0%
2010	518,259	518,259	100.0%
2009	457,351	457,351	100.0%
2008	436,750	436,750	100.0%
<u>Firefighter's Plan</u>			
2012	\$177,872	\$177,872 (1)	100.0%
2011	165,207	165,207	100.0%
2010	149,755	149,755	100.0%
2009	129,596	129,596	100.0%
2008	94,369	94,369	100.0%

(1) FY 2011-12 Adopted Budget.

Other Post Employment Benefits

The Town and Board of Education provide post employment benefits for certain retirees who meet certain requirements regarding age and years of service. This benefit is provided based on union agreements of the police department and school administrators. The Town is required to provide health, medical and life insurance to four retired police department employees, one public works employee and spouse, and twenty-seven retired Board of Education employees.

The Town's actuary, Milliman Inc., has prepared report, dated January 1, 2009, in compliance with Government Accounting Standards Board ("GASB") Statement #45 which included Town and Board of Education employees. As part of the valuation, Milliman Inc. determined an implicit rate subsidy where applicable, and employed a 7.50% discount rate. Based upon the valuation by Milliman Inc., the Town's accrued liability was \$8,331,000 with an unfunded liability of \$8,049,000. The amount is funded on an annual basis by the General Fund appropriation and the Town recently established a fund for accumulation of assets and a trust using ICMA's model. The Town has budgeted \$657,000 for fiscal year ending June 30, 2012 for its Actuarial Required Contribution.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded/ (Overfunded) AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b) - (a) / (c)]
01/01/2009	\$282,000	\$8,331,000	\$8,049,000	3.4%	N/A	N/A
01/01/2007	-0-	5,749,000	5,749,000	0.0	N/A	N/A

Schedule of Employer Contributions

Fiscal Year	Actuarial Required Contribution	Actual Contribution	Percentage Contributed
2012 (1)	\$657,000	\$657,000	100.0%
2011 (1)	657,000	475,000	72.3%
2010	472,000	458,000	97.0%
2009	433,000	506,000	116.9%

(1) Estimates for fiscal years 2010-11 and 2011-12. Annual Required Contributions under review by the Town's actuary.

Investment Policies and Procedures

The Town Charter and Sections 7-400 and 7-402 of the Connecticut General Statutes govern the investments the Town is permitted to acquire. Generally, the Town may invest in certificates of deposit, municipal notes and bonds, obligations of the United States of America, including joint and several obligations of the Federal Home Loan Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the Federal Home Loan Banks, all Federal Land Banks, the Tennessee Valley Authority, or any other agency of the United States government, mutual funds and money market mutual funds.

The Town's investment practices have been to invest only in certificates of deposit, money market accounts, the State of Connecticut Short-Term Investment Fund ("STIF"), Cutwater Asset Management, and the State of Connecticut Tax-Exempt Proceeds Fund. The Town does not invest in derivative based investment products. The Town Treasurer has followed these investment practices and the Town's operating funds and capital funds are currently invested in the following short-term investments: (1) various certificates of deposit and/or money market accounts with Connecticut banks; (2) the State of Connecticut Short-Term Investment Fund; and (3) the State of Connecticut Tax-Exempt Proceeds fund; (4) Cutwater Asset Management, which, according to Cutwater Asset Management, invests only in (i) high-grade short-term federal securities and variable rate obligations backed by federal agencies having monthly or quarterly resets based on indices like the prime rate, LIBOR, or a combination of the two, and (ii) very short-term (usually overnight) repurchase agreements secured by high quality collateral which is valued daily and fully delivered to the program's custodial bank to be held for the benefit of the plan's participants.

Assessment Practices

The Town last revalued its real property effective October 1, 2010. The Town is scheduled to conduct a statistical revaluation all real estate effective October 1, 2015. Under Section 12-62 of the Connecticut General Statutes, the Town must revalue all real estate by physical inspection no later than ten years following the preceding physical inspection. The Town must conduct a statistical revaluation no later than five years after the last physical inspection. The maintenance of an equitable tax base and the location and appraisal of all real and personal property within the Town for inclusion on the Grand List is the responsibility of the Assessor. The Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1. A Board of Assessment Appeals determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy percent (70%) of market value at the time of the last general revaluation.

When a new structure or modification to an existing structure is undertaken, the Assessor's Office receives a copy of the permit issued by the Building Official. A physical appraisal is then completed and the structure classified and priced from a schedule developed as of the revaluation. Property depreciation and obsolescence factors are also considered when arriving at an equitable value.

Motor vehicle lists are furnished to the Town by the State of Connecticut and appraisals of motor vehicles are accomplished in accordance with an automotive price schedule as recommended by the State Office of Policy and Management and the Assessor. Section 12-71b of the Connecticut General Statutes provides that motor vehicles which are registered with the Commissioner of Motor Vehicles after the October 1 assessment date but before the next August 1 are subject to a property tax as if the motor vehicle had been included on the October 1 Grand List. The tax is prorated, and the pro-ration is based on the number of months of ownership between October 1 and the following July 31. Cars purchased in August and September are not taxed until the next October 1 Grand list. If the motor vehicle replaces a motor vehicle that was taxed on the October Grand List, the taxpayer is entitled to certain credits.

All business personal property (furniture, fixtures, equipment, machinery and leased equipment) is assessed annually. An assessor's clerk and audit is completed periodically. Assessments for both personal property and motor vehicles are computed at seventy (70%) of present market value.

Section 12-124a of the Connecticut General Statutes permits a municipality, upon approval of its legislative body, to abate property taxes on owner-occupied residences to the extent that the taxes exceed eight percent of the owner's total income, from any source, adjusted for self-employed persons to reflect expenses allowed in determining adjusted gross income. The owner must agree to pay the amount of taxes abated with interest at 6% per annum, or at such rate approved by the legislative body, at such time that the residence is sold or transferred or on the death of the last surviving owner. A lien for such amounts is recorded in the land records but does not take precedence over any mortgage recorded before the lien. The Town has approved the use of this abatement provision.

Tax Collection Procedures

Taxes for the fiscal year are paid on the grand list of the prior October 1, and are due July 1, payable in two installments, one half on July 1 and one half on January 1. Payments not received by August 1 and February 1, respectively, become delinquent.

According to the provisions of Section 12-146 of the Connecticut General Statutes, delinquent property taxes are subject to interest at the rate of 1.5% per month. Real estate is liened for delinquent taxes within one year after the tax due date.

Property Tax Levies and Collections

FY Ending 6/30	Net Taxable Grand List (In Thousands)	Tax Rate (In Mills)	Total Adjusted Tax Levy	Collected End of Each FY	Collected End of Each FY	Uncollected Taxes	
						End of Each FY	As of 06/30/11 (2)
2012 (1)	\$1,253,918.47	27.77	\$34,266,440	N/A	N/A	In process	In process
2011 (2)	1,296,741.51	26.71	34,112,881	98.4%	\$33,552,079	\$560,802	\$560,802
2010	1,293,235.06	25.95	33,537,433	98.7	33,093,376	444,057	217,994
2009	1,284,274.46	24.95	32,439,503	98.3	31,896,753	542,750	87,896
2008	1,266,891.08	23.70	30,109,078	98.5	29,649,662	459,416	58,871
2007	1,258,616.41	22.76	28,733,762	99.0	28,437,853	295,909	24,973
2006	892,440.39	30.70	27,635,755	99.0	27,367,039	268,716	20,335
2005	873,681.46	29.12	25,598,435	99.4	25,439,484	158,951	14,970
2004	865,995.53	27.90	24,246,957	99.2	24,041,567	205,390	189
2003	849,876.37	26.83	22,745,988	98.8	22,481,957	264,031	-0-

(1) Adopted Budget.

(2) Unaudited estimates.

Source: Town Officials; annual audited financial statements.

Taxable Grand List (1)

Grand List Dated	(\$ in Thousands)						Net Taxable Grand List
	Real Property	Personal Property	Motor Vehicle Property	Gross Taxable Grand List	Less Exemptions		
10/01/10	\$1,111,834.99	\$56,570.96	\$107,110.79	\$1,275,516.74	\$21,598.27	\$1,253,918.47	
10/01/09	1,160,549.40	52,492.07	104,710.75	1,317,752.22	21,010.71	1,296,741.51	
10/01/08	1,157,132.16	55,672.77	102,864.89	1,315,669.82	22,434.76	1,293,235.06	
10/01/07	1,149,478.77	47,768.03	105,229.87	1,302,476.67	18,202.21	1,284,274.46	
10/01/06	1,137,502.02	43,069.32	103,586.41	1,284,157.75	17,266.67	1,266,891.08	
10/01/05	1,130,371.90	38,348.43	101,655.13	1,270,375.46	11,759.05	1,258,616.41	
10/01/04	769,531.75	37,540.79	96,603.86	903,676.40	11,236.01	892,440.39	
10/01/03	758,415.43	39,746.02	88,719.66	886,881.11	13,199.65	873,681.46	
10/01/02	749,746.17	35,559.79	92,156.75	877,462.71	11,467.18	865,995.53	
10/01/01	741,088.75	31,499.66	87,770.50	860,358.91	10,482.54	849,876.37	

(1) The Taxable Grand List represents the total of assessed value for all taxable real and personal property located within the Town as of October 1 of each year. A Board of Tax Review determines whether adjustments to the Assessor's list on assessments under appeal are warranted. Assessments are computed at seventy (70%) percent of market value at the time of the last revaluation. The Town's most recent revaluation was effective 10/01/10. The Town's prior revaluation was effective 10/01/05.

Source: Town Officials.

Largest Taxpayers

The following table sets forth the ten largest taxpayers in the Town per the Grand List dated October 1, 2010:

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Grand List Amount</u>	<u>Estimated Tax Levy</u>
South Central Connecticut Regional Water Authority (a)	Public Utility	\$ 79,125,572	\$ 2,197,317
Shoreline Care Limited Partnership	Life Care Facility	47,834,062	1,328,352
Tilcon, Inc.	Quarry/Material Contractor	12,203,800	338,900
Fire-Lite Alarms, Inc./NOTIFIER	Alarm Systems	10,777,790	299,299
Rivezzi, Janice L., Gina P., & Bart Andrew	Real Estate/Retail Complex	7,772,360	215,838
Brook & Whittle	Manufacturing	7,747,120	215,138
Totoket Woods Co.	Real Estate	6,143,990	170,619
National Association Properties	Real Estate	3,636,500	100,986
Northford Ice Pavilion	Ice Rinks	3,395,560	94,295
JSMN Properties	Retail Complex	<u>2,719,100</u>	<u>75,509</u>
Total		<u>\$181,355,854</u> (b)	<u>\$ 5,036,253</u> (c)

- (a) On August 16, 1980, South Central Connecticut Regional Water Authority acquired the business and properties of the New Haven Water Company, formerly the Town's largest taxpayer. While the Authority is exempt from taxes, the legislation under which it was formed requires that it make annual payments to the towns in which it owns property equal to the amount of taxes which would otherwise be due, except for improvements (other than water pipes or improvements to water pipes) constructed after August 26, 1980. The current fiscal year assessed value is \$137,447,941. However, for purposes of computing payment in lieu of taxes, the amount assessable for taxation is \$79,125,572. The payments in lieu of taxes for fiscal years 2007-2011 are as follows:

<u>Fiscal Year</u>	<u>PILOT Amount</u>
2011-12 (Adopted Budget)	\$1,865,296
2010-11	984,682
2009-10	958,092
2008-09	922,512
2007-08	878,228

- (b) Represents 14.46% of the net taxable grant list of \$1,253,918,470 dated October 1, 2010.

- (c) Represents 14.70% of the total adjusted tax levy of \$34,266,440 for fiscal year 2011-12.

Source: Town Officials; annual audited financial statements; and 2011-12 adopted budget.

Revenues

The Town derives its revenues from a direct tax levy on property, State and federal aid, various fees and charges, and certain miscellaneous sources. Town revenues are summarized for fiscal years ended 2006-2010 in "Statements of Revenues, Expenditures and Changes in Fund Balance - General Fund" herein. The prior year's appropriated surplus is also available to support current operating expenditures.

Property Tax Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Property Tax Revenues</u>	<u>Property Tax As a % of General Fund Revenues</u>
2012 (Adopted Budget)	\$46,138,394	\$36,437,736	79.0%
2011 (Unaudited Estimates)	44,750,847	35,668,585	79.7
2010	46,203,166	34,473,092	75.8
2009	45,631,554	33,325,925	73.0
2008	50,320,621 (1)	31,157,035	61.9
2007	40,329,905	26,698,402	66.2
2006	39,211,194	28,696,777	73.2
2005	36,399,463	26,730,069	73.4
2004	34,688,167	25,379,050	73.2
2003	33,995,777	23,893,718	70.3

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$9,176,273 an increase of \$8,158,367.

Source: Annual audited financial statements; Department of Finance fiscal year 2010-11 unaudited estimates and fiscal years 2011-12 adopted budget.

Intergovernmental Revenues

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Federal/ State Aid</u>	<u>Aid As Percentage of General Revenue</u>
2012 (Adopted Budget)	\$46,138,394	\$ 9,180,671	19.9%
2011 (Unaudited Estimates)	44,750,847	8,453,361	18.9
2010	46,203,166	10,535,580	22.8
2009	45,631,554	11,618,690	25.5
2008	50,320,621 (1)	18,384,827 (1)	36.5
2007	40,329,905	9,533,827	23.6
2006	39,211,194	9,653,772	24.6
2005	36,399,463	8,804,945	24.2
2004	34,688,167	8,552,014	24.7
2003	33,995,777	9,042,908	26.6

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$9,176,273 an increase of \$8,158,367.

Source: Annual audited financial statements; Department of Finance fiscal year 2010-11 unaudited estimates and fiscal years 2011-12 adopted budget.

Expenditures

<u>Fiscal Year</u>	<u>Board of Education</u>	<u>Debt Service</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Benefits & Insurance</u>	<u>General Government</u>
2011 (Adopted Budget)	62.6%	11.3%	8.8%	5.8%	4.6%	3.3%
2011 (Unaudited Estimates)	63.0	10.9	8.8	6.2	4.2	3.4
2010	62.4	10.4	8.9	5.7	5.4	3.4
2009	66.1	8.5	8.4	5.9	4.2	3.3
2008	71.5 (1)	6.4	7.9	4.9	3.3	2.9
2007	66.9	7.2	8.6	5.9	4.2	3.4
2006	66.8	7.3	8.5	5.9	4.1	3.5
2005	64.9	7.8	8.5	6.3	4.1	3.9
2004	66.6	8.0	8.3	5.7	3.8	3.7
2003	64.6	8.9	9.0	6.0	1.4	3.7

(1) Includes one-time pass-through state funding for the teachers' retirement system pension liability in the amount of \$9,176,273 an increase of \$8,158,367

Source: Annual audited financial statements; Department of Finance fiscal year 2010-11 unaudited estimates and fiscal years 2011-12 adopted budget.

Comparative General Fund Operating Statement
(Budget and Actual – Budgetary Basis)

	Fiscal Year 2009-10			Fiscal Year	Fiscal Year
	Final Budget	Actual	Variance Favorable (Unfavorable)	2010-11 Unaudited Estimates	2011-12 Adopted Budget
REVENUES					
Property taxes	\$34,542,541	\$35,037,179	\$ 494,638	\$36,668,585	\$36,437,736
Charges for services	221,020	240,605	19,585	280,402	392,050
Intergovernmental	8,157,335	8,483,622	326,287	8,453,361	9,160,761
Investment income	150,000	166,082	16,082	111,103	135,000
Other revenue	<u>593,150</u>	<u>872,374</u>	<u>279,224</u>	<u>237,397</u>	<u>75,370</u>
TOTAL REVENUES	<u>43,664,046</u>	<u>44,799,862</u>	<u>1,135,816</u>	<u>44,750,847</u>	<u>46,200,917</u>
EXPENDITURES					
Current:					
General government	1,480,560	1,480,415	145	1,500,231	1,483,290
Public safety	3,903,438	3,903,206	232	3,953,763	4,145,083
Public works	2,400,344	2,400,319	25	2,763,893	2,604,201
Culture and recreation	958,010	957,943	67	994,942	1,056,569
Health and welfare	241,751	241,715	36	237,157	262,092
Development and conservation	382,346	382,316	30	341,888	360,042
Benefits and insurance	2,029,421	2,029,211	210	1,880,797	2,202,311
Education	27,535,748	27,535,745	3	28,222,565	29,386,427
Debt service	4,717,923	4,717,918	5	4,885,854	5,376,381
Capital Outlay and OPEB	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>440,000</u>
TOTAL EXPENDITURES	<u>43,649,541</u>	<u>43,648,788</u>	<u>753</u>	<u>44,781,090</u>	<u>47,316,396</u>
Excess (deficiency) of revenues over expenditures	<u>14,505</u>	<u>1,151,074</u>	<u>1,136,569</u>	<u>(30,243)</u>	<u>(1,115,479)</u>
OTHER FINANCING SOURCES (USES)					
Appropriation of fund balance	-0-	(651,400)	(651,400)	-0-	665,000
Cancellation of prior year's encumbrances	-0-	-0-	-0-	21,613	-0-
Sale of assets	-0-	-0-	-0-	65,865	-0-
Transfer in	432,508	432,460	(48)	462,468	455,479
Transfers out	<u>(447,013)</u>	<u>(447,013)</u>	<u>-0-</u>	<u>(484,787)</u>	<u>(5,000)</u>
Net other financing sources (uses)	<u>(14,505)</u>	<u>(665,953)</u>	<u>(651,448)</u>	<u>65,159</u>	<u>1,115,479</u>
Net change in fund balances	<u>\$ -0-</u>	<u>485,121</u>	<u>\$ 485,121</u>	<u>\$ 34,915</u>	<u>\$ -0-</u>
Fund Balance - beginning of year		<u>4,816,628</u>			
Fund Balance - end of year		<u>\$ 5,301,749</u>			

Source: Annual audited financial statement; Department of Finance fiscal year 2010-11 unaudited estimates and fiscal year 2011-12 adopted budget.

Comparative Balance Sheets - General Fund

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
ASSETS					
Cash and cash equivalents	\$ 44,236	\$ -0-	\$ 6,653,333	\$ 706,090	\$ 683,579
Investments	5,193,034	9,915,580	-0-	7,489,155	7,324,554
Receivables, net:					
Property taxes	494,104	393,431	657,000	1,030,062	794,197
Intergovernmental	80,575	-0-	2,954,923	2,616,633	2,199,514
Other	84,818	126,044	166,401	415,488	319,193
Due from other funds	5,323	10,358	5,240	-0-	-0-
Prepaid expenses	<u>235</u>	<u>445</u>	<u>993</u>	<u>670</u>	<u>36,119</u>
TOTAL ASSETS	<u>\$5,902,325</u>	<u>\$10,445,858</u>	<u>\$10,437,890</u>	<u>\$12,258,098</u>	<u>\$11,357,156</u>
 LIABILITIES AND FUND BALANCES					
LIABILITIES					
Cash Overdraft	\$ -0-	\$ 4,145,893	\$ -0-	\$ -0-	\$ -0-
Accounts payable	323,381	672,869	603,874	768,072	719,855
Accrued payroll	213,517	201,649	-0-	-0-	-0-
Deferred revenue	572,311	390,227	4,130,719	4,720,903	3,629,172
Other liabilities	<u>77,415</u>	<u>67,409</u>	<u>-0-</u>	<u>-0-</u>	<u>256,138</u>
TOTAL LIABILITIES	<u>1,186,624</u>	<u>5,478,047</u>	<u>4,734,593</u>	<u>5,488,975</u>	<u>4,605,165</u>
 FUND BALANCES					
Reserved	643,951	698,426	1,168,604	1,526,495	798,842
Unreserved:					
Designated for future year expenditures	350,000	350,000	350,000	426,000	651,400
Undesignated	<u>3,721,750</u>	<u>3,919,385</u>	<u>4,184,693</u>	<u>4,816,628</u>	<u>5,301,749</u>
TOTAL FUND BALANCES	<u>4,715,701</u>	<u>4,967,811</u>	<u>5,703,297</u>	<u>6,769,123</u>	<u>6,751,991</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$5,902,325</u>	<u>\$10,445,858</u>	<u>\$10,437,890</u>	<u>\$12,258,098</u>	<u>\$11,357,156</u>

Source: Annual audited financial statements

Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
REVENUES					
Property taxes	\$28,646,777	\$29,698,402	\$31,157,035	\$33,325,925	\$35,037,180
Charges for services	530,792	524,875	322,176	253,698	240,605
Intergovernmental	9,653,772	9,533,827	18,384,827	11,618,690	10,535,580
Interest income	342,300	477,810	284,986	217,558	166,082
Miscellaneous	<u>37,553</u>	<u>94,991</u>	<u>171,597</u>	<u>215,683</u>	<u>223,719</u>
TOTAL REVENUES	<u>39,211,194</u>	<u>40,329,905</u>	<u>50,320,621</u>	<u>45,631,554</u>	<u>46,203,166</u>
EXPENDITURES					
Current:					
General government	1,341,036	1,377,988	1,423,243	1,494,736	1,497,799
Public safety	3,259,068	3,468,131	3,937,662	3,777,906	3,934,833
Public works	2,257,081	2,379,266	2,437,444	2,664,642	2,402,668
Culture and recreation	914,364	961,177	955,013	984,241	974,771
Health and welfare	199,129	199,615	222,568	236,338	246,500
Development and conservation	330,918	362,286	413,865	388,362	378,106
Benefits and insurance	1,581,554	1,673,899	1,652,294	1,897,111	2,290,109
Education	25,672,515	26,964,963	35,671,506	29,728,194	30,387,476
Debt service	2,805,779	2,918,189	3,174,713	3,833,777	4,717,918
Capital outlay	<u>63,278</u>	<u>21,532</u>	<u>22,833</u>	<u>-0-</u>	<u>-0-</u>
TOTAL EXPENDITURES	<u>38,424,722</u>	<u>40,327,046</u>	<u>49,911,141</u>	<u>45,005,307</u>	<u>46,830,180</u>
Excess (deficiency) of revenues over expenditures	<u>786,472</u>	<u>2,859</u>	<u>409,480</u>	<u>626,247</u>	<u>(627,014)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from capital leases	-0-	-0-	311,373	265,000	264,737
Sale of assets	16,490	3,470	-0-	-0-	-0-
Operating transfers in	335,629	347,911	446,508	469,473	532,460
Operating transfers out	<u>(444,363)</u>	<u>(102,130)</u>	<u>(431,875)</u>	<u>(294,894)</u>	<u>(187,315)</u>
Net other financial sources (uses)	<u>(92,244)</u>	<u>249,251</u>	<u>326,006</u>	<u>439,579</u>	<u>609,882</u>
Net change in fund balances	694,228	252,110	735,486	1,065,826	(17,132)
Fund Balance - Beginning of Year	<u>4,021,473</u>	<u>4,715,701</u>	<u>4,967,811</u>	<u>5,703,297</u>	<u>6,769,123</u>
Fund Balance - End of Year	<u>\$ 4,715,701</u>	<u>\$ 4,967,811</u>	<u>\$ 5,703,297</u>	<u>\$ 6,769,123</u>	<u>\$ 6,751,991</u>

Source: Annual audited financial statements.

SECTION VI – ADDITIONAL INFORMATION

Litigation

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

Financial Advisor

The Town has retained Independent Bond and Investment Consultants LLC ("IBIC LLC") of Madison, Connecticut, as financial advisor in connection with the issuance and sale of the Bonds. Although IBIC LLC has assisted in the preparation of the Official Statement, IBIC LLC is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. IBIC LLC is an independent municipal bond advisory firm and is not engaged in the business of providing investment advice, underwriting, trading or distributing municipal securities or other public securities.

Availability of Continuing Disclosure Information

The Town prepares, in accordance with State law, annual audited financial statements and files such annual audits with the State Office of Policy and Management within six months of the end of its fiscal year. The Town provides, and will continue to provide to Moody's Investors Services, Inc. ongoing disclosure in the form of independent annual financial reports, adopted budgets, and other materials relating to its management and financial condition, as may be necessary or requested from time to time.

The Town will enter into a Continuing Disclosure Agreement with respect to the Bonds, substantially in the forms attached hereto as Appendix C to this Official Statement (the "Continuing Disclosure Agreement"), to provide or cause to be provided, in accordance with the requirements of SEC Rule 15c2-12, (i) annual financial information and operating data, (ii) timely notice of the occurrence of certain events with respect to the Bonds, but not in excess of ten business days after the occurrence of such events; and (iii) timely notice of a failure by the Town to provide the required annual financial information with respect to the Bonds on or before the date specified in the Continuing Disclosure Agreement for the Bonds. The Underwriter's obligation to purchase the Bonds shall be conditioned upon its receiving, at or prior to the delivery of the Bonds, an executed copy of the Continuing Disclosure Agreement.

The Town has previously undertaken in continuing disclosure agreements entered into for the benefit of holders of certain of its general obligation bonds and notes to provide certain annual financial information and event notices pursuant to Rule 15c2-12(b)(5). To date the Town has not failed to meet any of its undertakings under such agreements, except for a failure to make a timely provision to the Nationally Recognized Municipal Securities Information Repositories (the "NRMSIRs") of certain annual financial information and operating data for its fiscal years ending June 30, 2001 and June 30, 2008 which the Town filed on October 29, 2007 and March 24, 2009, respectively. The Town has implemented procedures to ensure timely filing of future financial information with respect to its continuing disclosure undertakings.

Documents Accompanying Delivery of the Bonds

Upon the delivery of the Bonds, the Underwriter will be furnished with the following:

1. A Signature and No Litigation Certificate stating that at the time of delivery no litigation is pending or threatened affecting the validity of the Bonds or the levy or collection of taxes to pay the principal of and interest on the Bonds;
2. A certificate on behalf of the Town, signed by the Town Manager and Town Treasurer which will be dated the date of delivery and attached to a conformed copy of the Official Statement, and which will certify, to the best of said officials' knowledge and belief, that at the time the Contract of Purchase was executed, the description and statements in the Official Statement relating to the Town of North Branford and its finances were true and correct in all material respects and did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and that there has been no material adverse change in the financial condition of the Town from that set forth in or contemplated by the Official Statement;

3. A receipt for the purchase price of the Bonds;
4. The approving opinion of Robinson & Cole LLP, Bond Counsel, of Hartford, Connecticut for the Bonds in substantially the form attached to hereto as Appendix B;
5. An executed Continuing Disclosure Agreement for the Bonds in substantially the form attached hereto as Appendix C; and
6. Any other documents required by the Contract of Purchase.

The Town of North Branford has prepared an Official Statement for the Bonds which is dated October 6, 2011. The Town deems such Official Statement final as of its date for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision or amendment. The Town will make available to the Underwriter a reasonable number of copies of the Official Statement within seven business days of the signing of the Contract of Purchase. Additional copies may be obtained by the Underwriter at its own expense by arrangement with the printer.

A transcript of the proceedings taken by the Town in authorizing the Bonds will be kept on file at the office of U.S. Bank National Association, Hartford, Connecticut and will be available for examination upon reasonable request.

Concluding Statement

Additional information may be obtained upon request from the Office of the Finance Director at (203) 484-6002 or from Independent Bond and Investment Consultants LLC at (203) 245-7264.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or part for any other purpose.

TOWN OF NORTH BRANFORD, CONNECTICUT

By: /s/ Richard V. Branigan

RICHARD V. BRANIGAN
Town Manager

By: /s/ Anthony P. Esposito, Jr.

ANTHONY P. ESPOSITO, JR.
Town Treasurer

Dated: October 6, 2011

APPENDIX A - FINANCIAL STATEMENTS

TOWN OF NORTH BRANFORD, CONNECTICUT

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Appendix A - Financial Statements - is taken from the Annual Financial Report of the Town of North Branford for the Fiscal Year ending June 30, 2010 as presented by the Auditors and does not include all of the combining and individual fund financial statements and other schedules or the state and federal single audit reports included in such report. A copy of the complete report is available upon request to the Finance Director, Town of North Branford, Connecticut.



LEVITSKY & BERNEY

A PROFESSIONAL CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
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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

TOWN HALL 909 FOXON ROAD NORTH BRANFORD, CONNECTICUT 06471-1290
TOWN MANAGER (203) 484-6000 TOWN HALL FAX (203) 484-6025

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.

TOWN OF NORTH BRANFORD
NET ASSETS

	<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%*

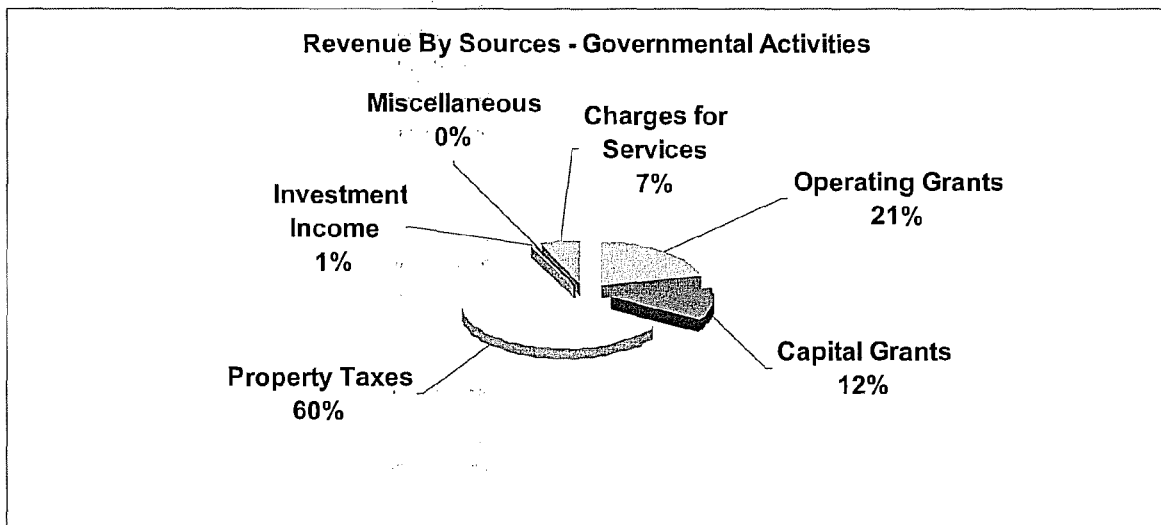
**Net Asset figure on June 30/July 1, 2009 were adjusted in last year’s audit to reflect the Town’s OPEB total liability per the recommendation from the Sstate Office of Policy and Management.*

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.



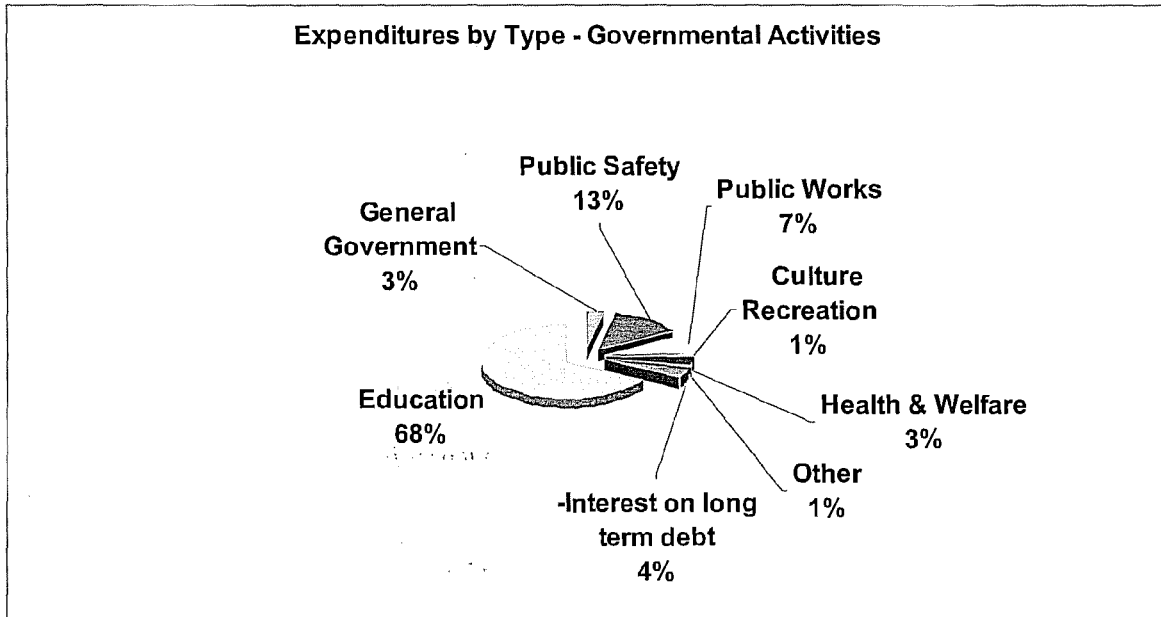
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. However, there were a few exceptions, as noted below.

- 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.

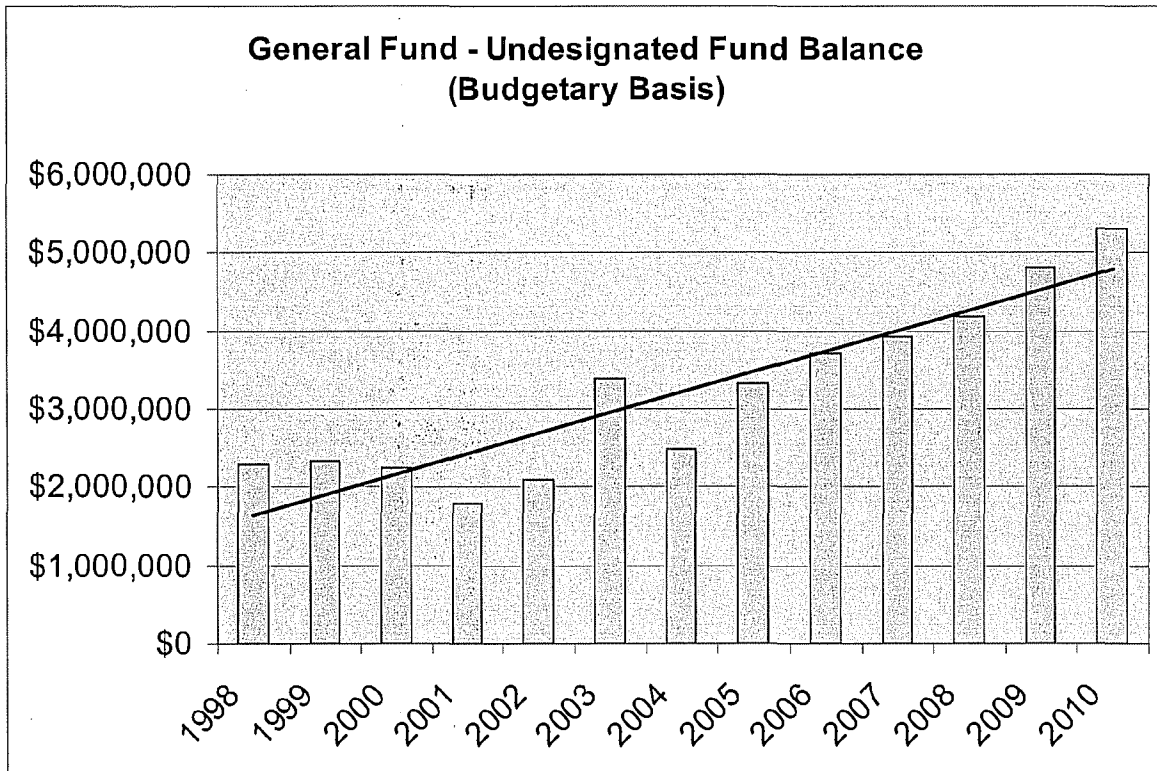
The General Fund. The general fund is the operating fund of the Town. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund, on a generally accepted accounting principles (GAAP) basis was \$5,301,749, while total fund balance reached \$6,751,991 (See Exhibit 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.

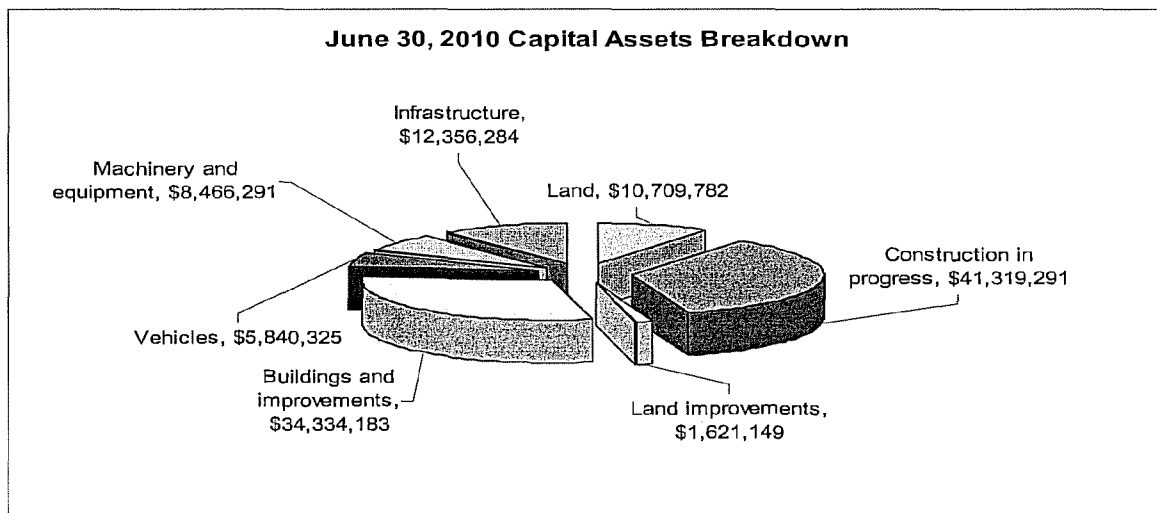
Major capital asset events during the current fiscal year included the following:

- 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.

STATEMENT OF NET ASSETS

June 30, 2010

ASSETS	Governmental Activities	Business-Type Activities	Total
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	2,046,839
Total Governmental Activities	\$ 49,316,038
Business-Type Activities	
Sewer usage	\$ 1,388,753
Total Business-Type Activities	\$ 1,388,753
Total primary government	\$ 50,704,791

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>
1,008,147				(380,606)	(380,606)
<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.

EXHIBIT C

<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>
		509,273	509,273
1,941,418	614,759	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
<u>(69,106)</u>	<u>(954,651)</u>	<u>(227,694)</u>	<u>(1,749,233)</u>
<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	\$ 16,777,169
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>\$ (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)	<u>\$ 2,146,196</u>	<u>322,488</u>
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.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS June 30, 2010

Pension and Other Postemployment Benefits Accounting

Fiduciary Funds

Basis of accounting:

Employee contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the Town has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance to the term of each plan. The Town makes annual contributions based upon management's decisions and formally approved appropriations.

Valuation of investments:

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales price. There are no investments of 5% or greater in any one organization.

Governmental Funds

The net pension obligation (asset), the net difference between annual pension costs and the Town's cumulative contribution to the pension is calculated on an actuarial basis consistent with requirements of Governmental Accounting Standards Board Statement No. 27. Expenditures are recognized when they are paid or are expected to be paid with current available resources. The net pension asset is reported as a non-current asset in the government-wide financial statements (Exhibit A).

In fiscal year end June 30, 2010, the Town implemented GASB 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions. This pronouncement requires the Town to calculate and recognize a net other post employment benefit obligation (NOPEBO) at June 30, 2010. The NOPEBO is, in general, the cumulative difference between the actuarial required contributions and the actual contributions since July 1, 2009.

In the fiscal year ended June 30, 2010, the Town implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, issued June 2004. This Statement establishes standards for the measurement, recognition and display of other post-employment benefits expenses and related liabilities or assets, note disclosures and, if applicable, required supplementary information in the financial reports.

Assets, liabilities and net assets or equity

Cash and cash equivalents

The Town considers cash on hand, deposits and short-term investments with an original maturity of three months or less to be cash and cash equivalents.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Inventories and prepaid items

Inventories are stated at the lower of cost or market using the consumption method on the first-in, first-out basis for governmental fund types.

Receivables and payables

Activities between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (current portion of interfund loans) or "advances to/from other funds" (noncurrent portion of interfund loans). Any residual balances outstanding between governmental activities and business type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable funds to indicate that they are not available for appropriation and are not expendable as financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Trade account allowance for uncollectible accounts is estimated based on the inherent risk associated with the accounts.

Capital assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (\$5,000 for infrastructure assets) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Building	50-100 Years
Building and land improvements	50 Years
Infrastructure	50 -100 Years
Machinery and equipment	5 - 25 Years
Licensed vehicles	5-20 Years

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Deferred revenue

Deferred revenue arises when potential revenue does not meet both the *measurable* and *available* criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Town before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Town has a legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

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. 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 the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the terms 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 the debt issued is reported as other financial 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.

Compensated absences

Under the terms of employment and the Town's personnel policy, Town and Board of Education employees are granted vacation and sick time in varying amounts based on length of service. Certain employees may also carry over a limited number of unused vacation and sick days to subsequent years based on the terms of an employment. In some cases, in the event of termination or death, employees are reimbursed for accumulated sick days. The Town recognizes a liability for the vested portion, as well as the unvested portion to the extent expected to be paid, as compensated absences.

Fund equity and net assets

In the government-wide financial statements, net assets are classified in the following categories:

The investment in capital assets, net of related debt category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

The ***restricted net assets*** present external restrictions imposed by creditors, grantors, contributors and laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The ***unrestricted net assets*** include those net assets not categorized in any of the above categories.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

In the fund financial statements, fund balances of governmental funds are classified into two separate categories. The two categories and their general meanings are as follows:

The **reserved fund balance** - this category indicates that portion of fund equity which has been legally segregated for specific purposes.

The **undesignated and unreserved fund balance** category indicates that portion of fund equity which is available for appropriations and expenditures in future periods. The portion that is designated notes managements intentions for the funds, which may change at anytime.

Note 2 - Budgets and Budgetary Accounting

The Statement of Revenues and Expenditures, Budget to Actual presented in the financial statements for the General Fund is on the budgetary basis of accounting which is a basis of accounting other than the accrual basis and the modified basis of accounting. The budgetary basis of accounting and the Town's general budget policies are as follows:

- By April 1, the Town Manager presents to the Town Council a proposed budget for the upcoming fiscal year, including the Board of Education budget. On the first Monday in May, the Town Council submits to the annual Town meeting, at which taxpayer comments are obtained, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and means of financing them.
- Prior to July 1, the budget is legally enacted through passage of a resolution. A separately issued budgetary report demonstrating legal compliance with the adopted budget is available from the Town.
- The Town Council is authorized to transfer budgeted amounts within departments. Additional appropriations over and above the total budget may be made by resolution of the Town Council. There were no additional appropriations during the fiscal year.
- Formal budgetary integration is employed as a management control devise during the fiscal year.
- The legal level of control (the level at which expenditures may not legally exceed appropriations) is at the line item level.
- Budgeted amounts shown are as originally adopted, or as amended by the Town Council during the course of the fiscal year.
- The Board of Education is authorized under State law to make any transfers required within their budget at their discretion. Any additional appropriations must have Board of Education and Town Council approval.
- Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year that the purchase order, contract or other commitment is issued and, accordingly, encumbrances are reported in budgetary reports (Exhibit F) as expenditures in the current year. Generally, all encumbered appropriations lapse within one year except those that are nonrecurring in nature.

TOWN OF NORTH BRANFORD, CONNECTICUT

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010**

General Fund

A reconciliation of general fund operations and fund balance presented on a budgetary basis to the amounts presented in accordance with accounting principles generally accepted in the United States of America is as follows:

	<u>Revenues</u>	<u>Expenditures</u>
Balance, Budgetary Basis	\$ 45,232,322	44,095,801
Recorded as other financial sources (uses)	(797,197)	(187,315)
Encumbered funds as of June 30, 2009 were expenses for GAAP purposes. The undesignated encumbrances not expended were considered other financial resources for budget purposes, but is not recognized for GAAP purposes	(122,654)	1,364,821
Encumbered funds as of June 30, 2010 are recorded in the budgetary basis of accounting but not considered an expense for GAAP purposes		(759,822)
Capital leases are not considered an expenditure for budgetary purposes, but is recognized as an expenditure for GAAP purposes	264,737	264,737
For budgetary purposes, the designation of surplus is considered other financial resources, but is not recognized for GAAP purposes	(426,000)	
State Teachers' Retirement and On-behalf Payment, not recognized for budgetary purposes	<u>2,051,958</u>	<u>2,051,958</u>
Balance, GAAP Basis	<u>\$ 46,203,166</u>	<u>46,830,180</u>

Special Revenue Funds

The Town does not have legally adopted annual budgets for the Special Revenue Funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies. Such budgets carry over until completion of the grants.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Capital Projects Funds

Legal authorization for expenditures of the Capital Projects Funds is provided by the related bond ordinances and/or intergovernmental grant agreements. Capital appropriations do not lapse until completion of the applicable projects.

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Government Fund Balance Sheet and the Government-Wide Statement of Net Assets

The detail of the components included in Exhibit C is as follows:

Capitalized assets, are expensed in the fund financial statements in the period the expense is incurred, while the expense is incurred over the useful life of the related asset in the governmental-wide financial statements:

Land	\$	10,709,782
Construction in progress		41,319,291
Other capital assets		62,618,232
Less depreciation		<u>(22,200,951)</u>
Total capitalized assets	\$	<u>92,446,354</u>

Long-term assets include those assets that may have been earned but are not available to liquidate current liabilities, these included:

Delinquent property taxes	\$	708,677
Delinquent property tax interest		21,979
Deferred charges		1,145,340
State BOE receivable		2,198,894
Net pension assets		<u>195,965</u>
Total long-term assets	\$	<u>4,270,855</u>

Long-term liabilities, including bonds payable and related expenses, are not due and payable in the current period and, therefore, are not reported in the funds. The detail of this difference is as follows:

Long-term debt	\$	(45,950,166)
Compensated absences		(4,157,813)
Landfill closure		(67,500)
Heart and hypertension		(148,462)
Contingent liability		(546,085)
Accrued interest		<u>(367,496)</u>
Total long-term assets	\$	<u>(51,237,522)</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities

Capital assets, activity in capital assets differ in the following:

Purchases of capitalized assets	\$	14,399,065
Disposal and adjustments to depreciation		(17,994)
Depreciation expense		<u>(1,378,067)</u>
Total capital assets	\$	<u>13,003,004</u>

Long-term assets, recognition of unavailable revenues and pension net assets:

Net change deferred taxes and interest	\$	(208,566)
School building funds received		(386,664)
Deferred charges received		<u>(280,709)</u>
Total long-term assets	\$	<u>(875,939)</u>

Long-term liabilities, recognition in long-term liabilities and related costs differ as follows:

Payment on debt	\$	20,970,465
New issues of debt		(27,200,289)
Accrued expenses on related debt expense		1,545,090
Net change in compensated absences		(280,682)
Expenses on landfill monitoring		7,500
Recognition of heart and hypertension		670
Net change in accrued interest		20,113
Claims and judgments		<u>(546,085)</u>
Total long-term assets	\$	<u>(5,483,218)</u>

Note 4 - Deposits and Investments

The Town's deposits and investments are presented in the accompanying balance sheets as follows:

	<u>Deposit</u>	<u>Investments</u>	<u>Total</u>
Cash and Cash Equivalents:			
Government funds	\$ 2,353,945		2,353,945
Business-type funds	23,260		23,260
Fiduciary funds	1,232,154		1,232,154
Investments:			
Government funds	3,146,175	13,881,713	17,027,888
Business-type funds		347,751	347,751
Fiduciary funds		12,071,839	12,071,839
Total Deposits and Investments	<u>\$ 6,755,534</u>	<u>26,301,303</u>	<u>33,056,837</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Deposits

Custodial Credit Risk

As of June 30, 2010, the Town's cash on hand was as follows:

Cash on Hand	\$	1,515
Checking		3,607,844
Certified Deposits		3,146,175
	\$	<u>6,755,534</u>

Bank deposits were approximately \$5,342,791, of which approximately \$3,649,856 was covered under federal depository insurance. Provisions of the Connecticut General Statutes provide for protection against loss in excess of deposit insurance by requiring all qualified public depositories to maintain segregated collateral for public deposits. As of June 30, 2010, the Town maintained approximately \$350,000 collateralized deposits under the provision.

Investments

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

Investment Type	Investment Fair Value	Maturity		
		Less Than 1 Year	1 to 5 Years	5- 10 Years
State investment fund	\$ 2,636,015	2,636,015		
Money market funds	11,005,054	11,005,054		
Mutual Funds	1,095,108	1,095,108		
Common stock	8,306,764	8,306,764		
U.S. Government Securities	3,256,830	1,645,663	1,438,237	172,930
Tax exempt proceeds fund	1,532	1,532		
Total	\$ 26,301,303	24,690,136	1,438,237	172,930

Interest Rate Risk

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

Credit Risk

State Law limits investments to the obligations of the United States of America, including the joint and several obligations of the Federal Home Mortgage Corporation, Federal National Mortgage Association, the Government National Mortgage Association, the Federal Savings and Loan Insurance Corporation, obligations of the United States Postal Service, all the federal home loan banks, all federal land banks, all the federal intermediate credit banks, the Central Bank of Cooperatives, the Tennessee Valley Authority, or any other Agency of the United States Government.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Note 5 - Receivables, Payables and Deferred Revenue

Receivables

The receivables as of June 30, 2010 for the Town's individual major funds and non-major fiduciary funds in the aggregate, including the applicable allowance for uncollectible accounts are as follows:

	<u>Government Fund</u>	<u>Business- Type Funds</u>
Property taxes	\$ 772,218	
Property tax interest	21,979	
Service charges	145,143	82,463
Other	260,574	
Assessments for sewer	1,099,106	
Unbilled revenue		182,024
Intergovernmental	<u>2,399,454</u>	
Total net receivables	\$ <u>4,698,474</u>	<u>264,487</u>

Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities in 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 fiscal year the components of deferred revenue and unearned revenues reported in the government fund were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Delinquent property taxes, net	\$ 682,199		682,199
Delinquent property tax interest	21,979		21,979
Taxes paid in advance		598,729	598,729
Overpayments		110,306	110,306
Delinquent accounts	26,478		26,478
Deposit for services		173,517	173,517
Grant payments in advance		315,323	315,323
Long-term receivables:			
Sewer assessments	1,145,340		1,145,340
Intergovernmental grants	<u>2,198,894</u>		<u>2,198,894</u>
Total deferred revenue	\$ <u>4,074,890</u>	<u>1,197,875</u>	<u>5,272,765</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Payables

Payables as of June 30, 2010 for the Town's General Fund were as follows:

	<u>Government Funds</u>	<u>Business-Type Funds</u>
Vendors	\$ 1,585,358	2,171
Cash overdraft	168,207	
Payroll	270,008	3,241
Total payables	\$ 2,023,573	5,412

Bond Anticipation Notes Payable

The Town has issued a bond anticipation note on November 10, 2009 for \$10,420,000 to be paid in full on November 9, 2010 with an interest rate of 1.5%.

Note 6 - Interfund Receivables, Payables and Transfers

A summary of interfund transfers is presented below:

	<u>Transfer From</u>	<u>Transfer To</u>
Government Funds:		
General fund	\$ 187,315	532,460
Sewer assessment	310,467	
Capital improvements	954,651	608,609
Nonmajor funds	227,694	110,815
Bond	69,106	357,199
Proprietary funds:		
Sewer operating	100,000	240,150
Total interfund transfers	\$ 1,849,233	1,849,233

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Note 7 - Capital Assets

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

GOVERNMENT ACTIVITIES

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Capital Assets, not being depreciated				
Land	\$ 10,709,782			10,709,782
Construction in progress	28,353,247	13,808,061	842,017	41,319,291
Total capital asset, not being depreciated	\$ 39,063,029	13,808,061	842,017	52,029,073
Capital Assets, being depreciated				
Land improvements	\$ 1,621,149			1,621,149
Building and improvements	33,492,166	842,017		34,334,183
Machinery and equipment	8,041,129	457,457	32,295	8,466,291
Vehicles	5,765,866	74,459		5,840,325
Infrastructure:				
Roads	9,831,792	59,088		9,890,880
Bridges	2,465,404			2,465,404
Total capital assets, being depreciated	\$ 61,217,506	1,433,021	32,295	62,618,232
Less, accumulated depreciation for:				
Land improvements	\$ 325,951	69,041		394,992
Building and improvements	7,623,638	421,172		8,044,810
Machinery and equipment	4,975,709	405,107	14,301	5,366,515
Vehicles	3,239,854	241,186		3,481,040
Infrastructure:				
Roads	4,191,679	192,253		4,383,932
Bridges	480,354	49,308		529,662
Total accumulated Depreciation	\$ 20,837,185	1,378,067	14,301	22,200,951
Net capital assets being Depreciated	\$ 40,380,321	54,954	17,994	40,417,281
Total net capital assets, Government Activities	\$ 79,443,350	13,863,015	860,011	92,446,354

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

Depreciation Expense:	
General government	\$ 66,905
Public safety	268,954
Public works	349,809
Culture and recreation	31,153
Education	<u>661,246</u>
 Total depreciation expense- governmental activities	 <u>\$ 1,378,067</u>

BUSINESS-TYPE ACTIVITIES

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Infrastructure, Sewers	\$ 26,008,428			26,008,428
Less, Accumulated Depreciation	<u>8,968,548</u>	<u>262,711</u>		<u>9,231,259</u>
Total Capital Asset, Business-Type Activities	\$ <u>17,039,880</u>	<u>262,711</u>	<u>-</u>	<u>16,777,169</u>

The depreciation expense of \$262,711 was recognized at the fund level for proprietary funds.

Note 8 - Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Long-term debt:					
General obligation bonds	\$ 24,525,000	8,000,000	13,640,000	18,885,000	1,505,000
G.O. refunding bonds	15,400,000	18,960,000	6,705,000	27,655,000	1,530,000
Clean water fund	1,533,093		360,728	1,172,365	360,728
Capital leases	<u>359,924</u>	<u>240,289</u>	<u>264,737</u>	<u>335,476</u>	<u>192,222</u>
Total long-term debt	\$ 41,818,017	27,200,289	20,970,465	48,047,841	3,587,950
Bond premium	174,374	136,306	25,612	285,068	25,612
Deferred charges on debt	<u>(726,959)</u>	<u>(1,777,660)</u>	<u>(121,876)</u>	<u>(2,382,743)</u>	<u>(211,192)</u>
Total long-term debt, Net related liabilities	\$ 41,265,432	25,558,935	20,874,201	45,950,166	3,402,370
Other long-term liabilities:					
Compensated absences	3,877,131	280,682		4,157,813	346,484
Claims and judgments		602,300	56,215	546,085	73,280
Landfill closure	75,000		7,500	67,500	7,500
Heart and hypertension	<u>149,132</u>		<u>670</u>	<u>148,462</u>	<u>750</u>
Total long-term liabilities	\$ <u>45,366,695</u>	<u>26,441,917</u>	<u>20,938,586</u>	<u>50,870,026</u>	<u>3,830,384</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and general obligation refunding bonds to refinance existing outstanding debt. General Obligation Bonds are direct obligations and pledge the good faith and credit of the government. These bonds generally are issued as 10 year or 20 year serial bonds with amounts of principal maturing each year.

As of June 30, 2010, the outstanding general obligation bonded indebtedness of the Town was as follows:

	<u>General Obligation Bonds</u>	<u>Refunding Bonds</u>	<u>Total</u>
\$2,195,000 GOB 2003 authorized for General purpose and school construction. The Bond has an interest rate of 4%-5% with annual payments of interest and Principal maturing fully in 2010	\$ 470,000		470,000
\$8,050,000 G.O.B. 2007 authorized for general and school purposes. The bond has an interest rate of 3.750%-5.625%, with annual payments of interest and principal, maturing fully in 2027.	8,505,000		8,505,000
\$15,085,000 G.O.B. 2008 authorized for general and school purposes. The bond has an interest rate of 4.5%-5.125%, with annual payments of interest and principal, maturing fully in 2028.	1,910,000		1,910,000
\$12,254,910 Refunding Bond 2001 to repay debt authorized for general purpose. The bond has an interest rate of 3.5%-5%, with annual payments of interest and principal, maturing fully in 2016.		820,000	820,000
\$8,815,000 Refunding Bond 2009 to repay debt authorized for general and school purposes. The bond has an interest rate of 2.375%-4.000%, with annual payments of interest and principal, maturing fully in 2017		7,875,000	7,875,000
\$8,000,000 G.O.B 2009 authorized for school and library construction and bridge replacement. The bond has an interest rate of with annual interest and principal payment maturing fully in 2021	8,000,000		8,000,000
\$18,960,000 Refunding Bond 2010 to repay debt authorized for general, sewer and school purposes. The bond has an interest rate of, with annual payments of interest and principal, maturing fully in 2017.		18,960,000	18,960,000
Total	\$ <u>18,415,000</u>	<u>27,655,000</u>	<u>46,540,000</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended, June 30,	Principal	Interest
2011	\$ 3,035,000	1,490,126
2012	3,135,000	1,560,760
2013	3,435,000	1,433,724
2014	3,850,000	1,290,726
2015	4,010,000	1,151,028
2016-2020	15,615,000	3,955,506
2021-2025	11,835,000	1,525,357
2026-2030	1,625,000	104,329
	\$ 46,540,000	12,511,556

The State of Connecticut reimburses the Town for eligible principal and interest costs of the portion of the capital improvement bond issues used for school construction. A reimbursement of \$386,664 was received for the year ended June 30, 2010. The Town expects to receive \$2,198,394 in principal payments to be reimbursed over future years. The principal portion of the future payments was included in the financial statements as an intergovernmental receivable.

Un-issued Bond Authorization

Authorizations of general obligation bonds that remained un-issued as of June 30, 2010 are summarized below:

	<u>July 1, 2009</u>	<u>New Authorizations</u>	<u>New Bonds Issued</u>	<u>June 30, 2010</u>
Intermediate School <i>(9/18/2007 & 10/16/2007)</i>	\$ 24,905,000		4,745,000	20,160,000
Library Construction <i>(9/19/2006)</i>	4,305,000		2,805,000	1,500,000
Reed Gap Road Bridge <i>(10/7/2008)</i>	650,000		450,000	200,000
Total bonds authorizations un-issued	\$ 29,860,000	-	8,000,000	21,860,000

TOWN OF NORTH BRANFORD, CONNECTICUT

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010**

Prior Years Advance and Current Refunding

The Town has issued \$12,254,910, \$8,815,000 and \$18,960,000 of general obligation refunding bonds on October 1, 2002, May 14, 2009 and June 30, 2010, respectively, to provide resources to be placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on old bonds. As a result, these bonds were considered defeased and the liability has been removed from the governmental activities column in the statement of net assets.

Clean Water Fund Loans Payable

The Town has an outstanding balance on loans payable to the State of Connecticut's Department of Environmental Protection, under its Clean Water Fund Program, for sanitary sewer projects. These loans bear interest at 2% per annum. The balance of these loans as of June 30, 2010 was \$1,172,365 and the annual debt service requirements to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2011	360,728	20,141
2012	\$ 360,728	12,926
2013	360,728	5,712
2014	90,181	301
	\$ <u>1,172,365</u>	<u>39,080</u>

Capital Leases

The Town was committed under several capital leases for equipment and vehicles. Assets under capital leases are as follows:

Technology equipment	\$ 775,747
Police equipment	<u>224,302</u>
Total leased equipment	\$ <u>1,000,049</u>

Annual debt service requirements to maturity for the lease obligations are as follows:

<u>Fiscal Year June 30,</u>	<u>Payments</u>
2011	\$ 199,635
2012	91,018
2013	<u>70,000</u>
Total payments	\$ 360,653
Less interest	<u>(25,177)</u>
Total principal balance	\$ <u>335,476</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Other Long-term Liabilities

Landfill post-closure monitoring

State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The liability for the landfill post-closure care, aggregating \$67,500 is based on the amount estimated to be paid for all equipment, facilities and services required to monitor and maintain the landfills as of June 30, 2010. However, the actual cost of closure and post-closure care maybe higher due to inflation, changes in technology or changes in landfill laws and regulations. Costs will be funded through future property taxes and/or state and federal grants. The Landfill was considered to be at capacity and was closed prior to June 30, 2010 and ongoing monitoring is being performed.

Note 9 - Commitments and Contingencies

Litigation Liabilities

In past years, the Town maintained insurance for worker's compensation through the Municipal Interlocal Risk Management Agency (MIRMA). The estimates of future claims that were incurred during the period of coverage were under estimated. MIRMA has requested the Town to pay approximately \$602,000 to cover these losses. The Town, with several other municipalities, is reviewing the legal issues associated with the claim but management believes the Town will be liable for these costs.

Other than the claim described above and based upon consultation with counsel, the Town's management estimates that any potential claim against the Town will be covered by insurance.

Risk Management

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, natural disaster and public official liabilities. The Town obtains commercial insurance for these risks and claims have not exceeded commercial coverage in any of the past three years.

Commitments

Construction contracts

At June 30, 2010, the Town had the following construction contract commitments:

Library Construction	\$	443,715
North Branford Schools		<u>1,475,155</u>
Total construction commitments	\$	<u>1,918,870</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Note 10 - Employee Postemployment Plans

Town Employees Defined Benefit Plans

Plan description

Summary

The Town administers three single employer, defined benefit pension plans (Town Plan, Police Plan and Firefighters' Plan). The Town and Police Plans are contributory. Plan benefits and contribution requirements are established by plan document as amended July 1, 2000, for the Town Plan and December 2004, for the Police Plan, and July 1, 1997, for the Firefighters' Plan, and approved by the Town Council. The plans are part of the Town's reporting entity and are included in the Town's financial report as Pension Trust Funds and do not issue separate stand alone financial reports.

Effective July 1, 1999, new employees of the Town are not eligible for the Town Plan. All Town employees hired prior to July 1, 1999, had the option, until September 30, 1999, of converting to a defined contribution plan or retaining the defined benefit plan that was previously implemented. In addition, the Town maintains the Firefighters and Ambulance Personnel Plan (Firefighters), a noncontributory, defined benefit pension plan.

Classes of employees covered

As of the date of the latest actuarial valuation, the plans' membership consisted of:

	<u>Town</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Active	30	23	105	158
Retired members	56	2	16	74
Spouses of retirees	6		4	10
Disabled members	2	5		7
Total	<u>94</u>	<u>30</u>	<u>125</u>	<u>249</u>

Benefit provisions

The plans provide for retirement and disability income for all eligible employees. For the Town and Police Plans, all employees who are 21 years old, have at least one year of credited service with the Town, and have agreed in writing to make member contributions, are eligible on the first day of the month after the requirements are met. The plans cover substantially all noncertified Board of Education employees and all regular Town employees. For the Firefighters' Plan, members are eligible on July 1st after completing twelve months of service and satisfying the point requirement. Administration costs are financed from investment earnings.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Employer contributions

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. Funding was as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>ANNUAL REQUIRED CONTRIBUTION</u>	<u>ACTUAL CONTRIBUTION</u>	<u>PERCENTAGE CONTRIBUTED</u>
TOWN PLAN			
2008	\$ 257,130	257,130	100.0 %
2009	245,973	245,973	100.0
2010	217,447	217,447	100.0
POLICE PLAN			
2008	436,750	436,750	100.0
2009	457,351	457,351	100.0
2010	518,259	518,259	100.0
FIREFIGHTERS PLAN			
2008	94,369	94,369	100.0
2009	129,596	129,596	100.0
2010	149,755	149,755	100.0

Employee contributions

Town employees are required to contribute 4% of their earnings. Police Plan employees are required to contribute 7% of their earnings. There is no contribution required for the Firefighters' Plan.

Actuarial Assumptions

The data presented in the Schedules of Funding Progress and Schedules of Contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plans as of the latest valuation date is as follows:

	<u>TOWN</u>	<u>POLICE</u>	<u>FIREFIGHTERS</u>
Last valuation date	July 1, 2009	July 1, 2009	July 1, 2009
Actuarial cost method	Entry Age	Entry Age	Unit Credit Cost
Amortization method	Level Dollar Closed	Level Dollar Closed	Decreasing Closed
Remaining amortization period	18 Years	13 Years	13 Years
Asset valuation method	5 Year Smoothing	5 Year Smoothing	5 Year Smoothing
ACTUARIAL ASSUMPTIONS:			
Investment rate of return	7.50%	7.50%	8.00%
Projected salary increase	4.25%	5.00%	N/A
Inflation rate	2.50%	2.50%	N/A

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Annual Pension Cost and Net Pension Asset (NPA)

Annual pension costs and net pension asset for the latest valuation period were as follows:

	TOWN PLAN	POLICE PLAN	FIREFIGHTERS PLAN
Annual required contribution	\$ 217,447	518,259	149,755
Interest on net pension obligation	(8,532)	(4,128)	(2,173)
Adjustments to annual required contribution	11,423	6,483	3,295
Annual pension cost	\$ 220,338	520,614	150,877
Contributions made	(217,447)	(518,259)	(149,755)
(Increase) decrease in net pension asset	\$ 2,891	2,355	1,122
Net pension asset, July 1, 2008	(113,762)	(55,039)	(27,164)
Net pension asset, June 30, 2009	\$ (110,871)	(52,684)	(26,042)

Three Year Trend Information

YEAR ENDED JUNE 30,	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION ASSET
<u>Town</u>			
2008	259,632	99.0	(116,451)
2009	248,662	98.9	(113,762)
2010	220,338	98.7	(110,871)
<u>Police</u>			
2008	438,789	99.5	(57,230)
2009	459,542	99.5	(55,039)
2010	520,614	99.5	
<u>Firefighters</u>			
2008	95,331	99.0	(28,203)
2009	130,635	99.2	(27,164)
2010	150,877	99.3	(26,042)

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Schedule of Funding Progress

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage Of Covered P/R
<u>Town</u>						
7/1/10	\$ 5,254,609	6,960,366	1,705,757	75.5 %	1,441,418	118.3 %
7/1/09	5,253,895	7,214,297	1,960,402	72.8	1,484,549	132.1
7/1/08	5,055,123	7,174,148	2,119,025	70.5	1,479,473	143.2
<u>Police</u>						
7/1/10	6,422,046	7,847,297	1,418,251	81.9	1,583,540	89.6
7/1/09	5,871,840	7,189,626	1,317,786	81.7	1,519,042	86.8
7/1/08	5,163,846	6,577,698	1,413,852	78.5	1,485,361	95.2
<u>Firefighters</u>						
7/1/10	955,890	1,688,334	1,418,251	56.6	N/A	N/A
7/1/09	904,975	1,521,518	616,543	59.5	N/A	N/A
7/1/08	814,811	1,218,802	403,991	66.9	N/A	N/A

Plan Statements

COMBINING STATEMENT OF NET ASSETS

	TOWN PENSION	VOLUNTEER FIRE/ AMBULANCE PENSION	POLICE PENSION	TOTAL PENSION TRUST FUNDS
ASSETS:				
Cash	\$		624,890	624,890
Investments at fair value:	3,934,621	906,647	6,745,888	11,587,156
TOTAL ASSETS	\$ 3,934,621	906,647	7,370,778	12,212,046
LIABILITIES:				
Accounts payable	67,992	22,903	4,990	95,885
Net assets held in trust for pension benefits	\$ 3,866,629	883,744	7,365,788	12,116,161

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

COMBINING STATEMENT OF CHANGES IN NET ASSETS

	TOWN PENSION	VOLUNTEER FIRE/ AMBULANCE PENSION	POLICE PENSION	TOTAL PENSION TRUST FUNDS
ADDITIONS:				
Contributions				
Employer	\$ 217,447	149,755	518,259	885,461
Plan Members	46,828		145,695	192,523
Total contributions	<u>\$ 264,275</u>	<u>149,755</u>	<u>663,954</u>	<u>1,077,984</u>
Net investment income	\$ 514,724	120,723	1,296,932	1,932,379
TOTAL ADDITIONS	<u>\$ 778,999</u>	<u>270,478</u>	<u>1,960,886</u>	<u>3,010,363</u>
DEDUCTIONS:				
Benefits	\$ 433,933	75,287	180,545	689,765
Administration	67,481	17,666	89,255	174,402
TOTAL DEDUCTIONS	<u>\$ 501,414</u>	<u>92,953</u>	<u>269,800</u>	<u>864,167</u>
CHANGE IN NET ASSETS	\$ 277,585	177,525	1,691,086	2,146,196
NET ASSETS- JULY 1, 2009	<u>3,589,044</u>	<u>706,219</u>	<u>5,674,702</u>	<u>9,969,965</u>
NET ASSETS JUNE 30, 2010	<u>\$ 3,866,629</u>	<u>883,744</u>	<u>7,365,788</u>	<u>12,116,161</u>

Defined Contribution Plan

Effective November 1, 1999, the Town adopted a defined contribution 401(a) plan (the "Defined Contribution Plan"). Plan benefits and contribution requirements are established by plan documented and approved by the Town Council. The Town Council also administers the Plan. After one year of service, Town employees (except members of the Police Union or Certified teachers) are eligible to contribute 2% of their earnings on a pre-tax basis and additional amounts up to 10% of their earnings on an after-tax basis. The Town will contribute 8% of the earnings of employees who contribute 2% of earnings. Total contributions by the employee and the Town cannot exceed 25% of the employees' contributions which were \$172,075 for the fiscal year ended June 30, 2010.

Teachers' Retirement System

Teachers within the Town's school system participate in a retirement plan administered by the Connecticut State Teacher's Retirement Board.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Covered employees

The Teachers' Retirement System is administered under the provisions of Chapter 167a of the Connecticut General Statutes (CGS). Participation in the Plan is restricted to certified staff employed in the public schools of Connecticut and members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units. Participation in the Plan is mandatory for certified personnel of local boards of education who are employed for an average of at least one-half of a school day. Members of the professional staff of the State Department of Education or the Board of Governors of Higher Education and their constituent units may elect to participate in this system, the State Employees' Retirement System, or the Alternate Retirement Plan (TIAA-CREF).

Vesting requirements

A member who completes 10 years of Connecticut public school service is eligible for a vested benefit commencing at age 60.

Pension contribution requirements/amounts by State

The pension contributions made by the State to the Plan are determined on an actuarial reserve basis as described in Sections 10-183i and 10-183z of the CGS. For the fiscal year ended June 30, 2010, the sum of \$559,224,244 was expended by the State on behalf of the Town to meet the State's funding requirements. The results of the State's actuarial valuation at June 30, 2010 did not contain information, which would show the development of the State's actuarial cost by local districts. The State's appropriation represented 15.47% of the total estimated payroll.

Participants are required to contribute 7.25% of their annual salary rate to the system as required by Section 10-183b(7) of the CGS. For the 2009/2010 school year, \$961,648 mandatory contributions were deducted from the salaries of teachers who were participants of the plan during that school year. The estimated covered payroll for North Branford was \$13,264,113.

Postemployment Benefits Other than Pension

Plan description

The Town is the administrator of a single-employer, contributory, defined benefit OPEB plan. The OPEB plan provides post-employment medical, dental, and life insurance benefits to eligible retirees and their spouses. A bi-annual actuarial valuation is made to determine whether the contributions are sufficient to meet the plan obligations. The OPEB does not issue a separate, stand-alone financial report.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Classes of employees covered

As of January 1, 2007, the date of the latest actuarial report, the Plans' membership consisted of:

	<u>Town</u>	<u>Police</u>	<u>Teachers</u>	<u>Other BOE</u>	<u>Total</u>
Active	46	23	187	35	291
Retired members	1	4	34	23	62
Spouses of Retirees	0	4	13	6	23
Total	<u>47</u>	<u>31</u>	<u>234</u>	<u>64</u>	<u>376</u>

Benefit provisions

The Town provides for life insurance and medical benefits based upon several union contracts or employment agreements. A summary of these are below.

TOWN EMPLOYEES

<u>Employment</u>	<u>Eligibility</u>	<u>Benefit</u>
Police	Retire with 25 years of Service	<p><i>Hired prior to July 1, 1994</i>, Town pays 100% of the premium for medical and dental coverage for the employee and 75% of the premium for employee's spouse. Coverage stops at employee's death. Spouse can continue coverage at 100% of premium costs. Coverage is pre-65 only.</p> <p><i>Hired on or after July 1, 1994</i>, Town pays 100% of the premium for medical and dental coverage for the employees. Coverage is pre-65 only.</p>
Town Administrators	Retire with 25 years of service	Town pays 100% of the premium for medical and dental coverage for the employee and 50% of the premium for the employee's spouse. Coverage stops at the employee's death. Spouse can continue coverage if pay 100% of costs.
Library, Public Works, Clerical, Technical and Custodial Employees	Retire with 20 years of service	Allowed to purchase medical coverage for the employee and spouse at the employee's expense. Coverage is pre-65 only.

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

BOARD OF EDUCATION EMPLOYEES

<u>Employment</u>	<u>Eligibility</u>	<u>Benefit</u>
Custodians	Retire at 55 with 15 years of service	Life insurance of \$10,000. No medical
Administrators	Retirement under the State Teachers retirement System or Age 60 with 20 years of service or 35 years of service	Hired prior to July 1, 2003 , Board pays 86% of the premium for medical and dental coverage for employees up to age 65. Spouse can continue coverage if pay 100% of costs. Coverage is pre-65 only. Hired after July 1, 2003 , not eligible for retiree medical or dental coverage. Life insurance - \$100,000 until age 70
Nurses	Age 55 with 15 years of service	Life insurance of \$7,500 with no medical benefits.
Secretaries	Age 55 with 15 years of service	Allowed to purchase medical coverage for the employee and spouse at the employee's expense. Coverage is pre-65 only. Life insurance of \$7,500

Employer contributions

Supplementary Information
Schedule of Funding Progress

Based on the Actuarial Value of Assets

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)
1/1/07 \$	-	5,479,000	5,479,000	-%	N/A	N/A

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2010

Actuarial Method

The actuarial funding method used is the Projected Unit Credit Cost Method. Recommended annual contributions consist of two pieces: Normal cost plus a payment towards the Unfunded Accrued Liability. The amortization period is 25 years.

The Accrued Liability is determined directly as the present value of benefits accrued to date, where the accrued benefit for each member is the pro-rata portion (based on service to date) of the projected benefit payable at death, disability, retirement, or termination.

The Normal Cost is similarly determined as the present value of the portion of the projected benefit attributable to the current year. The discount rate applied was 7.5%

The Unfunded Accrued Liability is the Accrued Liability less the value of any plan assets.

The Town's contributions are actuarially determined on an annual basis using the entry age normal method. Funding was as follows:

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	ACTUAL CONTRIBUTION	PERCENTAGE CONTRIBUTED	
2009	\$ 433,000	433,000	100	%
2010	458,002	458,002	100	

Actuarial Assumptions

The data presented in the schedules of funding progress and schedules of contributions were determined as part of the actuarial valuation at the date indicated. Additional information for the plans as of the latest valuation date is as follows:

	Teachers and BOE Administrators	All Others
Health Mortality	RP-2000 projects forward 19 years using scale AA, with a two-year age setback	1994 Group Annuity Mortality Table
Disabled Mortality	RP-2000 projects forward 19 years using scale AA, with a eight-year age set forward for females and males	1994 Group Annuity Mortality Table
	Police	Teachers and BOE Administration
Turnover	None	Rates based on gender and length of service for the first ten years and gender and age thereafter:
<u>Service</u>	<u>Male</u>	<u>Female</u>
0-1	14.00%	12.00%
1-2	8.50	9.00
2-3	5.50	7.00
3-4	4.50	6.00
4-5	3.50	5.50
5-6	2.50	5.00
6-7	2.40	4.50
7-8	2.30	3.50
8-9	2.20	3.00
9-10	2.10	2.50
<u>Age</u>	<u>Male</u>	<u>Female</u>
25	1.20%	3.50%
35	1.20	3.50
45	1.26	1.30
55	3.36	1.60

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Turnover	All Others (Rates based on age)	
	Age	Rate
	20	11.80%
	25	9.40
	30	7.00
	35	5.40
	40	3.80
	45	2.20
	50	.60
	55	0.00
	60	0.00

Annual Costs and Net OPEB Trust Asset/Obligation

The Town's annual post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers in plans with more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed twenty five years.

The calculation of the change in the net OPEB obligation for the year ended June 30, 2010 follows:

<u>Actuarially Required</u>	
1. Contribution (ARC)	\$ 458,002
2. Interest on NOO *	-
3. Adjustment To (ARC) *	-
4. Annual OPEB Cost (AOC)	\$ 458,002
5. Contribution Made	458,002
6. Increase In NOO	\$ -
7. NOO Beginning of Year	-
8. NOO End of Year	\$ -

Annual OPEB Cost and Net OPEB Obligation

Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 433,000	433,000	100.0 %	-
6/30/2010	458,002	458,002	100.0	-

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

The most recent valuation is dated January 1, 2007. The City's OPEB valuations are performed bi-annually however, the actuarial valuation covering 30 months ended June 30, 2010 was not complete as of the date of this report. Information regarding interest on NOO and adjustment to the ARC as of June 30, 2010 is not available as of the date of this report.

June 30, 2009 is the first year in which the ARC and Net OPEB obligation calculation has been completed.

Historical Information and Current Position

The Town set up an irrevocable trust on October 1, 2008 to provide health benefits for its eligible employees and retirees. The first year activity is summarized below:

ADDITIONS:	
Current year employer contribution	\$ 458,002
Current year employee contributions and annual benefit payouts	346,820
Investment Income (loss)	29,757
Total Additions	\$ <u>834,579</u>
DEDUCTIONS	
Benefit Payments	\$ <u>512,091</u>
CHANGE IN NET ASSETS	\$ 322,488
NET ASSETS – BEGINNING	<u>407,463</u>
NET ASSETS - ENDED	\$ <u>729,951</u>

The assets and liabilities on June 30, 2010 were as follows:

ASSETS	
Cash	\$ 245,193
Mutual Funds	484,683
Receivable - General fund for current year contribution	75
Total Assets	\$ <u>729,951</u>
TOTAL NET ASSETS	\$ <u>729,951</u>

TOWN OF NORTH BRANFORD, CONNECTICUT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

Note 11 – Fund and Budget Balances

Fund Deficits

The Town's Bonded Projects fund showed a fund balance deficit of \$5,043,615 for the year ended June 30, 2010, which is expected to be fully funded through a future general obligation bond to relinquish the Bond anticipation note.

A fund balance deficit in the non-major government fund includes the following:

<u>Fund</u>	<u>Deficit</u>	<u>Anticipated Funding</u>
Ambulance	\$ 1,742	Future charges
Grants	19,261	Future grant receipts
Community Center	26,596	Future Charges

Note 12- Subsequent Events

General Obligation Bond and Bond Anticipation Note Issuance

In November 2010, the Town had issued a general obligation bond for \$6,687,000 and a short-term note in anticipation of a general obligation bond for \$4,233,000. The note is required to be paid in full on November 2011 with interest of 1.5%. The bond will be paid off over a 20 year period with interest of 2.0% to 4.0% interest.

APPENDIX B - FORM OF OPINION OF BOND COUNSEL

ROBINSON & COE LLP

280 Trumbull Street
Hartford, CT 06103-3597
Main (860) 275-8200
Fax (860) 275-8299

October 20, 2011

Town of North Branford,
North Branford, Connecticut

Ladies and Gentlemen:

We have examined certified copies of the proceedings of the Town of North Branford, Connecticut (the "Town"), a Tax Regulatory Agreement of the Town, dated October 20, 2011 (the "Tax Regulatory Agreement"), and other proofs submitted to us relative to the issuance and sale of \$7,645,000 Town of North Branford, Connecticut General Obligation Refunding Bonds, Issue of 2011, dated October 20, 2011 (the "Bonds"), maturing on February 1, 2012 and August 1 in each of the years, in the principal amounts and bearing interest payable on February 1, 2012 and semiannually thereafter on February 1 and August 1 in each year until maturity or earlier redemption, at the rates per annum as follows:

Table with 6 columns: Date of Maturity, Principal Amount, Interest Rate Per Annum, Date of Maturity, Principal Amount, Interest Rate Per Annum. Rows list maturity dates from February 1, 2012 to August 1, 2019 and August 1, 2019 to August 1, 2027 with corresponding principal amounts and interest rates.

with principal payable at the principal office of U.S. Bank National Association, in Hartford, Connecticut, and with interest payable to the registered owner as of the close of business on the fifteenth day of January and July in each year, or the preceding business day if such fifteenth day is not a business day, by check mailed to such registered owner at his address as shown on the registration books of the Town kept for such purpose. The Bonds are subject to redemption prior to maturity as therein provided.

The Bonds are originally registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), to effect a book-entry system for the ownership and transfer of the Bonds. So long as DTC or its nominee is the registered owner, principal and interest payments on the Bonds will be made to DTC.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the Official Statement.

We are of the opinion that such proceedings and proofs show lawful authority for the issuance and sale of the Bonds under authority of the Constitution and General Statutes of Connecticut and that the Bonds are a valid general obligation of the Town the principal of and interest on which is payable from ad valorem taxes which may be levied on all taxable property subject to taxation by the Town without limitation as to rate or amount except as to classified property, such as certified forest lands taxable at a limited rate and dwelling houses of qualified elderly persons of low income or of qualified disabled persons taxable at limited amounts. We are further of the opinion that the Tax Regulatory Agreement is a valid and binding agreement of the Town.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes. The Town has covenanted in the Tax Regulatory Agreement that it will at all times perform all acts and things necessary or appropriate under any valid provision of law to ensure that interest paid on the Bonds shall be excluded from gross income for federal income tax purposes under the Code.

In our opinion, under existing statutes and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax. Interest on the Bonds is, however, includable in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. We express no opinion regarding any other federal income tax consequences caused by ownership or disposition of, or receipt of interest on, the Bonds.

In rendering the foregoing opinions regarding the federal tax treatment of interest on the Bonds, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and expectations, and certifications of fact contained in the Tax Regulatory Agreement, and (ii) the compliance by the Town with the covenants and procedures set forth in the Tax Regulatory Agreement as to such tax matters.

We are further of the opinion that, under existing statutes, interest on the Bonds is excluded from Connecticut taxable income for purposes of the Connecticut income tax on individuals, trusts and estates, and is excluded from amounts on which the net Connecticut minimum tax is based in the case of individuals, trusts and estates required to pay the federal alternative minimum tax. We express no opinion regarding any other State or local tax consequences caused by the ownership or disposition of the Bonds.

The rights of owners of the Bonds and the enforceability of the Bonds and the Tax Regulatory Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by application of equitable principles, whether considered at law or in equity.

Very truly yours,

ROBINSON & COLE LLP

APPENDIX C – FORM OF CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

Town of North Branford, Connecticut
\$7,645,000 General Obligation Refunding Bonds, Issue of 2011
dated October 20, 2011

October 20, 2011

WHEREAS, the Town of North Branford, Connecticut (the “Town”) has heretofore authorized the issuance of \$7,645,000 in aggregate principal amount of its General Obligation Refunding Bonds, Issue of 2011, dated October 20, 2011 (the “Bonds”), and to mature on the dates and in the amounts and set forth in the Town’s Official Statement dated October 6, 2011 describing the Bonds (the “Official Statement”); and

WHEREAS, the Bonds have been sold by a negotiated sale pursuant to a Contract of Purchase, dated October 6, 2011 (the “Contract of Purchase”); and

WHEREAS, in the Contract of Purchase, the Town has heretofore acknowledged that an underwriter may not purchase or sell the Bonds unless it has reasonably determined that the Town has undertaken in a written agreement for the benefit of the beneficial owners of the Bonds to provide certain continuing disclosure information as required by Securities and Exchange Commission Rule 15c2-12(b)(5), as amended from time to time (the “Rule”), and the Town desires to assist the underwriter of the Bonds in complying with the Rule; and

WHEREAS, the Town is authorized pursuant to Section 3-20e of the General Statutes of Connecticut to make such representations and agreements for the benefit of the beneficial owners of the Bonds to meet the requirements of the Rule; and

WHEREAS, in order to assist the underwriter of the Bonds in complying with the Rule, this Continuing Disclosure Agreement (this “Agreement”) is to be made, executed and delivered by the Town in connection with the issuance of the Bonds and to be described in the Official Statement, all for the benefit of the beneficial owners of the Bonds, as they may be from time to time;

NOW, THEREFORE, the Town hereby represents, covenants and agrees as follows:

Section 1. Definitions. In addition to the terms defined above, the following capitalized terms shall have the meanings ascribed thereto:

“Annual Report” shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 2 and 3 of this Agreement.

“Fiscal Year End” shall mean the last day of the Town’s fiscal year, currently June 30.

“Listed Events” shall mean any of the events listed in Section 4 of this Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended, or any successor thereto.

“Repository” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 57577 for purposes of the Rule, the MSRB or any other nationally recognized municipal securities information repository or organization recognized by the SEC from time to time for purposes of the Rule.

“SEC” shall mean the Securities and Exchange Commission of the United States or any successor thereto.

Section 2. Annual Reports.

(a) The Town shall provide or cause to be provided to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, the following annual financial information and operating data regarding the Town:

(i) Audited financial statements as of and for the year ending on its Fiscal Year End prepared in accordance with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board from time to time or mandated state statutory principles as in effect from time to time; and

(ii) Financial information and operating data as of and for the year ending on its Fiscal Year End of the following type to the extent not included in the audited financial statements described in (i) above:

(A) the amounts of the gross and net taxable grand list;

(B) a listing of the ten largest taxpayers on the grand list, together with each such taxpayer's taxable valuation thereon;

(C) the percentage and amount of the annual property tax levy collected and uncollected;

(D) a schedule of the annual debt service on outstanding long-term bonded indebtedness;

(E) a calculation of the net direct debt, total direct debt, and total overall net debt (reflecting overlapping and underlying debt);

(F) the total direct debt, total net direct debt and total overall net debt of the Town per capita;

(G) the ratios of total direct debt and total overall net debt of the Town to the Town's net taxable grand list;

(H) a statement of statutory debt limitations and debt margins; and

(I) the funding status of the Town's pension benefit obligations.

(b) The above-referenced information is expected to be provided by the filing of and cross reference to the Town's audited financial statements. The information may be provided in whole or in part by cross-reference to other documents previously provided to the Repository, including official statements of the Town which will be available from the MSRB.

(c) Subject to the requirements of Section 8 hereof, the Town reserves the right to modify from time to time the type of financial information and operating data provided or the format of the presentation of such financial information and operating data, to the extent necessary or appropriate; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule. The Town also reserves the right to modify the preparation and presentation of financial statements described herein as may be required to conform with changes in Connecticut law applicable to municipalities or any changes in generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board from time to time.

Section 3. Timing. The Town shall provide the financial information and operating data referenced in Section 2(a) not later than eight months after each Fiscal Year End subsequent to the date of issuance of the Bonds, provided, however, that if such financial information and operating data for the Fiscal Year End preceding the date of issuance of the Bonds is not contained in the Official Statement for the Bonds or has not otherwise been previously provided, the Town shall provide such financial information and operating data no later than eight months after the close of such preceding Fiscal Year End. The Town agrees that if audited financial statements are not available eight months after the close of any Fiscal Year End, it shall submit unaudited financial statements by such time and will submit audited financial statements information when and if available.

Section 4. Event Notices. The Town agrees to provide, or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions; the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of any obligated person;
- (xiii) the consummation of a merger, consolidation, or acquisition involving any obligated person or the sale of all or substantially all of the assets of any obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake any such an action or the termination of a definitive agreement relating to such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if any, if material.

Section 5. Notice of Failure. The Town agrees to provide, or cause to be provided, in a timely manner to the Repository in electronic format, accompanied by identifying information, as prescribed by the MSRB, notice of any failure by the Town to provide the annual financial information described in Section 2(a) of this Agreement on or before the date described in Section 3 of this Agreement.

Section 6. Termination of Reporting Obligation. The Town's obligations under this Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

Section 7. Agent. The Town may, from time to time, appoint or engage an agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor agent.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Agreement, the Town may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law, or a change in the identity, nature or status of the Town, and is supported by an opinion of counsel expert in federal securities laws, to the effect that (i) such amendment or waiver would not materially adversely affect the beneficial owners of the Bonds and (ii) this Agreement, as so amended, would have complied with the requirements of the Rule as of the date of this Agreement, taking into account any amendments or interpretations of the Rule as well as any changes in circumstances. A copy of any such amendment will be filed in a timely manner with the Repository in electronic format. The Annual Report provided on the first date following adoption of any such amendment will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of financial information or operating data provided.

Section 9. Additional Information. Nothing in this Agreement shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Report or providing notice of the occurrence of any other event, in addition to that which is required by this Agreement. If the Town chooses to include any other information in any Annual Report or provide notice of the occurrence of any other event in addition to that which is specifically required by this Agreement, the Town shall have no obligation under this Agreement to update such information or include or provide such information or notice of the occurrence of such event in the future.

Section 10. Indemnification. The Town agrees, pursuant to applicable law, to indemnify and save its officials, officers and employees harmless against any loss, expense or liability which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability hereunder, but excluding any loss, expense or liability due to any such person's malicious, wanton, or willful act. The obligations of the Town under this Section shall survive termination of this Agreement.

Section 11. Enforceability. The Town agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of and enforceable by the beneficial owners of the Bonds. In the event the Town shall fail to perform its duties hereunder, the Town shall have the option to cure such failure after its receipt of written notice from any beneficial owner of the Bonds of such failure. In the event the Town does not cure such failure, the right of any beneficial owner of the Bonds to enforce the provisions of this undertaking shall be limited to a right to obtain specific performance of the Town's obligations hereunder. No monetary damages shall arise or be payable hereunder, nor shall any failure to comply with this Agreement constitute a default of the Town with respect to the Bonds.

IN WITNESS WHEREOF, the Town has caused this Continuing Disclosure Agreement to be executed in its name by its undersigned officers, duly authorized, all as of the date first above written.

TOWN OF NORTH BRANFORD, CONNECTICUT

By: _____
Richard V. Branigan
Town Manager

By: _____
Anthony P. Esposito, Jr.
Town Treasurer